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INDIA'S SECOND FIVE-YEAR PLAN

By Professor E. Stuart Kirby

India's First Five-Year Plan period was completed in March 1956. The second Five Year-Plan is now in progress. It is a gigantic undertaking. The official publication giving it in full detail, which is now available, is a hefty volume of 641 pages. It is becoming increasingly more interesting and useful to compare and contrast, in all sorts of respects, the Five-Year Plans of India and China. Communist China's First Five-Year Plan (the Majesty and Importance attached to these programmes compel a lavish use of capital letters) is to be completed ahead of schedule in 1956, and the Second Plan to begin with 1957. Thus the quinquennial periods of the two countries are being brought nearer to being synchronised.

However, China's First Five-Year Plan was essentially a more simple, less complex and less integrated matter than India's First Five-Year Plan. China's first Plan depended primarily on two questions; on the one hand, the laying of a number of specific foundations as pre-requisites of industrialization, mainly embodied in the list of 161 key projects specifically itemised, to be completed largely with Soviet aid, and on the other hand the absorption of a large part of the economy into the sphere of organisational control of the State. India's first Five-Year Plan represented, in contrast, a process of growth, integration and adjustment on substantial foundations already laid, within the framework of a free society largely avoiding nationalisation and State compulsion.

The technical stage represented by China's Second Plan, the general nature of which has now been outlined in official statements is equivalent to that of the First, rather than the Second, of India's Five-Year Plans. But they remain very different in spirit and nature. The stress, in China, remains on a framework of quantitative targets, on the one hand—specific plants to be erected, or specific outputs attained—and, on the other, on full State control (envisaging now complete socialisation of all aspects of economic life).

The former statistical secretiveness of the Chinese Communist Government is now gradually being abandoned; though not yet so completely as in the Soviet Union, which (for example) has now published statistical yearbooks with actual production figures, etc., as comprehensive and informative as those of other countries. Nevertheless, China' Second Five-Year Plan remains a hand-out or "revelation" from above, not very widely or practically debated by the public at large. In India, by contrast, there has been the widest and freest possible consideration and discussion throughout the nation, in Parliament, special committees, press, radio, and by every other means, before, during and after the drafting of the Plan; a collection of all the writings, criticisms and comments on India's Second Five-Year Plan would fill a large library.

It is now possible to make direct comparisons of the two countries' different Five-Year Plans, in

some detail and with some exactitude; but that would require a lengthy and involved treatise, since they differ in presentation and perspective as much as in their nature and purposes. The only statement yet made on the Second Chinese Plan is solely in terms of percentage increases—a style of which we are weary. From these we can of course work out the actual quantities for ourselves. But there are various complications: the analytical exercises required would be rather boring to the general reader. Here we shall merely outline the main features and contents of India's Second Five-Year Plan, as a first basis for comparison with other plans in China or elsewhere.

Unlike China's Plan statement, which reveals nothing specifically of the cost side of the question, it is stated in terms of investment projected. The total outlay scheduled in India's Second Plan is the equivalent of £3,600 million (over US$1,250 million). The aims in view are as follows: First, to increase the national income considerably. Second, to speed up industrialisation, especially the development of basic and heavy industries. And third, to provide a substantially increased volume of employment.

This order of priorities is interesting. Again, it invites comparison with China. In Communist China, increasing the national income is not explicitly given as an aim. In the case of India, it should be noted, it is not promised that this will be an increase per capita; the large and rapidly growing population makes it virtually impossible to expect an improvement in the average per head. Similarly with respect to employment. Increased employment is promised, but not full employment; owing to the rise in population, the number of unemployed or under-employed is expected to be about the same at the end of the Plan as it was at the beginning.

The second aim, industrialisation, is of course put first in the case of China, and in China it is inseparably associated with the idea of socialisation. The latter figures to a much lesser extent in India's case—though there too the ratio of public to private investment is to increase, from 50—50 in the First Five-Year Plan to 61—39 in the Second, — and in India, State activity, taking of course a much milder form, is regarded as a means rather than an end.

India's Second Five-Year Plan may be summarised as follows, in comparison with the First Five-Year Plan.

(in crores of rupees. Rs. 1 crore = approx. £750,000 or HK$12 million)

	First Five-Year Plan		Second Five-Year Plan	
Transport and Communications	557	(24%)	1,385	(29%)
Social Services	533	(23%)	945	(20%)
Irrigation and Power	661	(28%)	913	(19%)
Industry and Mining	179	(8%)	890	(19%)
Agriculture and Community projects	357	(15%)	568	(12%)
Others	69	(3%)	99	(2%)
	2,356	(100%)	4,800	(100%)

Thus the total investment is double that of the First Plan, and there is greater emphasis on industry, but the latter is far from taking the lion's share. The shift of emphasis is really from irrigation and agriculture to communications and industry.

In addition large increases in investment in the "private sector" are anticipated—to the extent of Rs. 2,400 crores (half the Plan total). This is largely in the fields of building (Rs. 1,000 crores), trade stocks (Rs. 400 crores) and activities of a "more localized significance," but nearly a quarter of it (Rs. 575 crores) is for larger industrial enterprises and improvements.

Under the heading of irrigation, it is interesting to observe that, though a vast area is involved, no more "giant" projects or very large dams are included. Some of the work of this type in the First Plan will now begin to yield substantial results; but these major schemes are very slow (though sure) to repay, giving a full return only after many years, even decades. (This is, for instance, part of the trouble with Colonel Nasser; he could not obtain foreign capital for his grandiose schemes of long-term investment of that kind).

India's Plan in this section will make an enormous difference to the country's electric power situation, actually doubling the present installed capacity of 3½ million KW, and a great part of this increase is to go to rural areas.

Coal production is to be raised from 38 to 60 million tons; in addition there is a large lignite project, and the output of all other important minerals is to be greatly increased.

Detailed consideration of the largest item, transport, makes further clear how much it is a question of laying the general foundations or "substructure" for still more massive growth in future. The item of Rs. 1,385 crores for transport and communications is subdivided as follows: 900 is for the railways (doubling of tracks, standardization of gauges, increase of rolling stock, conversion to electric and diesel haulage, etc.), 266 for "roads and tourism," 100 for shipping and harbours, 43 for civil air transport, and 76 for posts, telegraphs and wireless. It is interesting to note that the Planning Commission laid down that there should be no further nationalization of road transport, the fear of which had deterred investors and prevented development.

In this section, the details which are of most practical interest for readers in other countries are those on shipping and port facilities. The policy is stated to be, in continuation of previous aims, as follows: to furnish all the shipping and facilities required to India's coastal traffic (which should be increased by taking some of the traffic off the railways), to increase Indian participation in ocean shipping, and to form a fleet of tankers. The following are the main allocations under "ports" (total Rs. 40 crores): Calcutta 20 (improvement of facilities at King George's and Kidderpore Docks), Bombay 30 (development of repair and other facilities at Prince's and Victoria Docks, electrification of cranes at Alexandra Dock, dredging of the main channel), Kandla 14 (six new piers), Madras 9 (including first stage of a new wet dock), and Cochin 4. At Vishakapatnam (Vizag) the shipyards will be expanded and a drydock established, preparatory to the setting up of another shipyard, and the manufacture of heavy marine diesels is contemplated.

On the implications for the prospects of foreign trade with India, some general observations will be made below. Meanwhile, to get anything like a full picture, we must outline the industrial section of the Plan.

First priority is of course for new capacity in iron and steel, heavy chemicals, machine industries and heavy engineering; second, to the expansion of other "key" lines of production, such as chemicals, fertilizers, cement, aluminium, etc. Listed third is the modernization and improvement of the cotton, jute and sugar industries; fourth, the better utilization of industrial capacity in general; and fifth, the increased production of consumer goods.

Thus there are various large projects for plants in steel, machine-building, fertilizers, aluminium, automobiles,

RELATIONS IN "TRANSFORMED" COMMERCE IN CHINA

Not all the Party or State officials have yet taken kindly to the improved status of the despised bourgeoisie—perhaps all the less so because they now realise it is one thing to denounce these people as enemies of the State and another to do the job they did so well in industry and commerce. At a forum held under the auspices of the State Council, members of three major Offices discussed with a number of industrialists and businessmen the position in regard to the transformation of private industry and commerce, and some pretty frank things were said, on State-private relations, personnel arrangements, wages, fixed shares and interest and the organisation of small merchants and peddlers.

Some of the 140 industrialists and businessmen who attended the forum complained that the activity and professional ability of the private personnel were not brought into play and that some representatives of the State interests did not consult them, use them or trust them as freely as they should. Moreover, some personnel were not properly employed; for instance, technical personnel were assigned to non-technical posts and some personnel who should be employed were not given anything to do.

Certain cadres were attacked for their ignorance of the world market and their rigid and simple style of work, as a result of which the patterns and varieties of export merchandise were often unable to meet the requirements of foreign markets. Some merchandise was also of poor quality and poorly packed, and delivery also was not according to contract. Tax collectors also came in for blame. Members of the textile industry suggested that the State develop the artificial fibre industry to meet the people's needs. Private personnel in the medicine trade criticised the dislocation of sale of medicinal herbs. It was added that these views received the serious attention of the Government departments, the representatives of which tendered certain assurances.

Foreign Trade Minister Yeh Chi-chuang accepted the criticism of the foreign trade work and said that hereafter they would take more notice of the views of industrialists and businessmen. He also assured them that persons experienced in foreign trade among them would be drawn into the leading organs. Secretary Li Tsai-wen of the Trade Union Federation, said private personnel would be welcome to join in Socialist emulations. Those who made contributions in management and invention, technical renovation and rationalisation proposals, would be brought within the Reward Regulations. Private personnel who made contributions toward production and management should be given titles of honour in addition to material reward, he added.

Both officials and spokesmen for the industrialists and businessmen regarded the forum as most useful, especially as it took place on the new basis of long-term co-existence and mutual supervision and of "let all schools contend." Both agreed that hereafter similar forums would be held to discuss problems as they arise.

Finally, Vice-Premier Chen Yun gave a directive on the question of State-private relations. He said that how the State and private side should co-operate in the enterprises in the future is the central problem in the relations between the industrialists and the Government. This problem is of vital interest and involves a heavy task. He agreed (1) to the holding of periodical forums of government departments and industrialists and businessmen at the central and provincial-municipal levels, which might be held twice or even six times a year. (2) Committees for improving business are to be organised according to trades of the industrial and commercial departments, both at the central and at the local levels. Experienced private personnel with technical ability should be drawn into such committees, so as to develop their professional ability and give an impetus to the work. (3) Special conferences of representatives of public shares and of private shares should be

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etc. etc. The Chittaranjan Locomotive Works is to raise its output to 300. Under machinery, one item is the production of Rs. 17 crores' worth of cotton textile machinery. The overall target for cloth production (by 1960-61) is given as 8,500 million yards, and for yarn 1,950 million lbs. (both handloom and factory).

* * * *

The aspirations for national self-sufficiency are very obvious. The foreign trader and businessmen will wonder what the resulting prospects are, from his point of view.

India's export targets under the Second Five-Year Plan are stated as follows:

Cotton cloth:	1,000 million yards.
Jute manufactures:	900,00 tons.
Artificial silk cloth:	10 million yards.
Steel:	200—300,000 tons.
Ferro-manganese:	100,000 tons.
Bicycles:	150,000 pieces.
Engineering products generally:	Rs. 3—5 crores.

On the other hand, considerable import prospects are held out. Imports of raw cotton and raw jute are expected to remain at about their present level. Similarly with chemicals, paper, hardware, dyestuffs. But 6 million tons of cereals are expected to be imported during the five years (a slight increase over recent average levels). And considerable increases in imports are in prospect for the following items (figures in crores of Rupees):

	1955 actual	Annual average projected 1956/7—1960/61
Machinery and vehicles:	160	300
Iron and steel:	50	86
Other metals:	25	45

Once again, these last figures draw attention to the "industrialization" motive of the Plan; but they offer some very considerable new prospects to the machinery and metallurgical industries of the advanced countries—including Britain, for whom India is the fourth biggest customer in the world, after Australia, the U.S.A. and Canada. International competition is however very keen, and growing more extensive as well as more intensive; India will be able to draw on various sources of supply, for most of the industrial equipment required, though some of the "key" items are still not so easy to pick up as is sometimes imagined.

separately held to exchange and popularise experience in this work. (4) Documents concerning business directives and policy should be made accessible to private personnel through appropriate media.

Vice-Premier Chen Yun pointed out that it is not the business of representatives of the State shares alone to improve the present State-private relations. A State-private enterprise has personnel representing four sides—State shares, private side, trade union, and Party Committee. Being placed in different positions, they do not always take the same view. Improvement of relations depends on the common efforts and unity of views of these four sides. It was entirely possible to improve relations gradually, now that relations of production had undergone a fundamental change. Vice-Premier Chen Yun attended this forum from beginning to end, and it was presided over by Li Hsien-nien, Vice-Premier and Director of the 5th General Office, and by Chia To-fu, Director of the 4th General Office, of the State Council. The private side were also represented by men of distinction, including Chairman Chen Shu-tung of the All-China Federation of Industry and Commerce, and Chairman Huang Yen-pei of the China Democratic National Construction Association.

Another forum was summoned by the Ministry of Commerce of public representatives of jointly-owned stores. They were reminded of the changed role of the private personnel and of the importance of their part in carrying on business now that it had been transformed. Those who had been reluctant to co-operate with the private personnel indulged in self-criticism, and in the exchange of experience of working together with the private personnel the officials admitted that there were "definite strong points" among the private personnel. Generally speaking, they had the ability to select the goods and know the quality and usage of the goods. They were familiar with the production and sale of goods. They were capable of noting changes in the market, knew what were the needs of the people and were experienced in business management. They had the experience and the method to cut down overhead expenses. Some of them were highly skilled. The public representatives also asserted that there were many shortcomings among them. Owing to their class background, there existed the ideology of individualism. In business there occurred constantly the capitalist business ideology and the private personnel were accustomed to the capitalist business methods. A few of them who had not taken part in business directly in the past were less capable. The techniques and experience in dealing with private personnel should be valued by the officials as "an enormous treasure."

One of the more arresting questions that came up was why the private personnel were unable to get certain powers while filling a corresponding position. The reasons given were that the confidence, support and assistance of the public representatives for the private personnel were insufficient; that employees could not yet completely change their views on the private personnel, particularly the capitalists; that many shortcomings still existed among the private personnel; and that the higher organs of enterprises always looked to the public representatives alone for the solution of all problems, big and small. Moreover the understanding of the higher enterprise departments, banks, taxation bureau and other relevant departments, as well as public opinion in the change of status and function of the capitalist personnel were inadequate. In addition, there was not a clear line drawn to indicate the division of responsibility and power between the public and private sides in an enterprise; and another important reason cited was "the lack of a system or a method for the co-ordination."

As regards problems in the responsibility and power system adopted in the joint stores now, it was held to be

ECONOMIC REPORTS FROM JAPAN

Iron and Steel Industry

The modern Japanese iron and steel has two principal beginnings: the iron foundries of the former bakufu and the various clans, which were taken over by the government and used to supply its army after the collapse of the feudal system and the beginning of the Meiji period in 1868; and, secondly, factories which were run by the government and later sold to private firms. The rapid development of industry during the Meiji period and after, together with the stimulus afforded by several wars, brought about at the same time rapid advances in the iron and steel industry, supplying as it does one of the commodities most essential for a modern industry.

The industry in the same way as all others in Japan, suffered a severe blow in the Second World War, and there was for a time a very sharp decrease in production. Nevertheless, production began to climb again each year as the restoration of the postwar economy got under way, and in 1955 figures reached 5,210,000 tons of pig iron, 8,850,000 tons of steel ingots and 6,930,000 tons of ordinary material. This year favorable progress is being continued.

The three principal raw materials required for the production of iron and steel are iron ore, coal and scrap iron. Japan is relatively poor in domestic resources so that she has to rely on imports for the greater part of these raw materials—over 80% of all the iron ore she uses, 44% of the coal, and 16% of the scrap iron.

Before the war a large part of these materials was imported from China and the Southern Pacific, but the loss of the Chinese markets after the war brought an increase in imports from America. However, it is uneconomical to import material such as iron ore all the way across the Pacific, and as a result there has been a gradual switch in recent years to Southeast Asian markets such as Malaya, the Philippines and India as sources of supply.

The production of iron and steel is divided, technically speaking, into three stages—iron manufacture and rolling, and each requires its own equipment, but it by no means follows that every firm is provided with all the equipment necessary to these three processes. There are three groups of industry engaged in the manufacture of iron and steel. First, there is the group where all operations are combined in one and the same factory, the three processes of iron manufacture, steel manufacture and rolling being carried on as one unit. To set up this kind of arrangement requires vast installations and man-power, and is thus impossible in the case of small firms backed by insufficient capital. There are three companies in Japan at the moment carrying on production on this large scale—Yawata Iron & Steel Co., Fuji Iron & Steel Co. and Nippon Steel Tube Co. These three companies are responsible for more than half the production of steel materials.

Secondly, there is the group concentrating on the manufacture of steel; these firms have facilities only for the production of steel and rolling and none for the production of iron. Until recently this group was represented by Kawasaki Seitetsu, Sumitomo Kinzoku and Kobe Seiko, but of late years each of these has been attempting either to include in itself the whole set of operations from pig iron upwards or to ensure themselves sources of supply for pig iron. Apart from these three firms, medium and small-scale enterprises manufacturers number twelve in all.

Thirdly, there is the group concentrating on rolling; these firms have facilities only for rolling, and produce ordinary steel material. For raw materials they use the semi-processed products turned out by the all-in-one manufacturers mentioned above and by open-hearth manufacturers. There are about eighty such firms most of which produce small steel bars, section steel and thin sheets, there being very few firms which turn out large or thick bars and sheets. Most of them are small-scale firms, and only a handful of them produce more than 40,000 tons per year.

The iron and steel industry did not before the war account for a large proportion of trade, but the situation has changed since the war, and since the end of the Korean conflict the industry has even embarked on exports abroad. The yearly figures for exports are, 1952: 1,630,000 tons. 1953: 850,000 tons. 1954: 1,180,000 tons. 1955: 1,980,000 tons. Iron and steel exports, which before the war accounted for a mere 2% of the total export figure, have come since the war to account for between 10% and 20%. Export iron and steel has, where quality is concerned, reached international standards. The credit for this is due in large measure to the efforts which the American iron and steel industry put behind Japan. The industry is in its turn going ahead with rationalization.

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necessary first to define the relations between the joint stores and the supervising special trade company, to regulate the power limit of the enterprise in the settlement of its own problems and thence to clarify the division of labour to the leadership personnel of both sides. The forum also discussed what meetings the private personnel should attend and what documents they should read. It was agreed that both public and private representatives should each have a definite position, power and responsibility and that all should obey the rules and regulations as well as the systems of the joint store.

Because of the difference in status, the public representatives, the workers and the private personnel in jointly-owned stores could hold varying views and opinions, which could be resolved by democratic discussions and the full absorption of accurate suggestions under the unified leadership of the Party organization in the enterprise. The forum also discussed the relation between the administration of the enterprise with the trade union. In view of the inadequate unity among the personnel of the private side in many joint-owned stores, the forum studied methods to strengthen unity and mutual aid, to eliminate prejudices and to achieve mutually good management of the store. Opinions were exchanged also on the ideology and methods of business in Socialist commerce, which should inherit all the good traditions from the history of Commerce in the country. All were of opinion that all joint stores should do business by the Socialist method.

The public representatives also have something to say about some of the leadership organs and leading officials, and contrasted their excessive criticism with the lack of concrete assistance to the work. They did not get down from their high desk chairs and see things for themselves but adopted the work style of bureaucratism and commandism.

Japan's Principal Export Products

(With Rate of Production, Export and Ratio)

ITEM	UNIT	1955 Production (a)	1955 Export (b)	RATIO (b/a)
Spun Silk Yarn	1,000 lbs.	4,387	264	6%
Cotton Yarn	,,	922,680	26,136	3
Rayon Yarn	,,	195,352	18,047	9
Cotton Goods	1,000 sq. yds.	3,018,137	1,138,929	38
Silk Goods	,,	208,819	30,022	14
Rayon Goods	,,	773,828	342,540	44
Staple Fiber Goods	,,	895,927	521,787	58
Pig-Iron	ton	5,216,766)	1,988,865	14
Steel	,,	9,275,967)		
Ships	each	365	82	23
Tool Machines	,,	18,147	1,526 tons	—
Looms	ton	36,692	8,280	23
Printing Machines	,,	8,615	1,086	13
Textile Machines	each	1,797	573	32
Sewing Machines	,,	1,802,961	1,535,871	85
Bicycles	,,	1,117,702	34,620	3
Alternating Motors	,,	1,416,431	37,567	3
Batteries	ton	10,179,162	331,628	3
Cameras	each	1,071,268	234,530	22
Binoculars	,,	—	849,108	—
Clocks & Watches	,,	5,800,633	435,885	8
Copper Bars	ton	117,044	7,132	6
Compressed Aluminum	,,	52,289	10,545	20
Caustic Soda	,,	517,138	16,053	3
Ammonium Sulphate	,,	2,128,943	413,647	19
Superphosphate of Lime	,,	1,951,794	209,307	11
Plate Glass	case	6,650,036	42,706 tons	—
Glassware	ton	377,301	24,255	6
Cement	,,	10,556,650	1,206,244	11
Enamelware	,,	27,239	11,217	41
Chinaware	,,	371,658	146,932	40
Pearls	lb.	47,966	40,688	85
(April, 1955-March, 1956)		(Estimated)	(Estimated)	
Metal Tableware	1,000 doz.	6,367	—	—
Metal Toys	1,000 pcs.	250,795	21,692,055 tons	—
Green Tea	lb.	160,693,160	31,953,754	20
Canned Food	case	18,000,000	7,111,966	40
	(1,000 doz.)	(Estimated)		

The principal areas to which Japanese iron and steel are being exported are Argentina, the U.S., India, Brazil, the Philippines and Thailand—principally bar and shaped steel, billets and sheet bars, steel bars, steel plates, galvanised iron, rails and wire rods.

In 1955 the world iron and steel industry saw a considerable increase in demand, reflecting the favorable trend in economic conditions, and the demand in Japan alike saw an increase of over the previous year. At the same time, however, general rises in raw material and freight costs had great repercussions on costs in the Japanese iron and steel industry, which has to rely on long-distance transport, and it was forced on several occasions to increase its prices. Furthermore, increased production brought difficulties in the way of a shortage of scrap iron, and there was even a temporary restriction on iron and steel exports in October, 1955. Now, the iron and steel industry has entered once more on a period of rapid progress.

Problems of Investments in S.E. Asia

The implementation of reparations agreements will mean tightening of economic bonds linking Japan and Southeast Asia. Opportunities for cooperation in that area between Japanese capital and local capital will increase. 1951 was the first postwar year which saw a private investment of Japanese capital, made by the Steel Tube and Mining Company with the aim of exploiting iron ore in Goa. The method adopted in this case was for Japan to provide technicians and equipment for mining, transport, dressing and shipping of ore, while the Goan firms promised to supply Japan with iron ore over a long period at cut rates. This came to be known as the "Goan method" and to serve as a model for all projects to develop resources. At the same time, the flow abroad of Japanese capital to Southeast Asia has been increasing. In many cases, Japan cooperates by contributing capital goods and patents. The total sum involved since the war has amounted to 20 million dollars. The average yearly investment during the past three years has been 5 million dollars—conspicuously less than in the case of West Germany, where investment abroad last year totaled 100 million dollars.

Japanese private capital might become active in Southeast Asia on its own account, without relying on reparations. There are many reasons for the slackness in private investment. There is the fact that most private investors are loath to put their money in Southeast Asia, for although investments there bring profits over a long period, there are no immediate gains to be made. Two proposals have been made in this connection: first, that the functions of the Export-Import Bank of Japan be extended to include the carrying out of financing and investment for private investors; and, secondly, that an entirely new agency for financing and investment be set up. The Export-Import Bank was originally established to supply over long periods and at a low rate of interest the yen necessary for the export of equipment and technique. However, since it operates as a bank pure and simple, it cannot afford to ignore the question of its own profits. As a result, rates of interest are high compared with those in Britain or Germany, while the maximum time-limit for repayment allowed so far has been 7 years (in the case of the export of industrial plants to Yugoslavia), as compared with the 10-20 years allowed in other countries.

The second reason for the slackness of investment is that in most areas of Southeast Asia the political situation is unstable and public order ill maintained, so that there is little guarantee of safety in making investments. Only this year, for instance, pearling boats supplied to Burma by Japan were attacked by pirates and the whole group captured. There must be some measure of making compensation as far as possible in such cases. The system of in-

suring foreign investment at present in force covers only 60% of the loss.

A Japanese businessman back from a tour of Southeast Asia recently gave his opinions at a discussion meeting. He realized the necessity for economic cooperation with the area, but when it came to the question of his company's investment, the company was forced to refuse in order to protect the shareholders' interests. The fact that such opinions have been voiced goes to show that until the problems mentioned above are solved it will be impossible to proceed with private investment.

Japan-Latin America Business

Japanese bsuinessmen are shifting attention to South America as investment market, in preference to Southeast Asia. They are headed for competition with United States firms which have investments in Latin American subsidiaries. Japanese firms have 26 partly owned subsidiaries and 50 technical tie-ups with Southeast Asian countries, compared with 12 subsidiaries and seven technical assistance deals in South America. Asian investments are small and not very profitable. The few South American tie-ups account for two-thirds of the total capital invested abroad by Japanese industries.

Nationalism in Asian countries is raising barriers to foreign investment. Many, though eager to industrialize, are reluctant to admit foreign capital for fear of economic domination. Some Asian nations do not want Japanese technicians to assist in development projects—an integral part of Japan's overseas investment drive. Competition from European manufacturers is heavy in Asia. Japanese companies find themselves at a disadvantage when it comes to offering machinery and techniques as their share of a joint investment.

Latin America welcomes foreign capital and technicians from other countries—at least to the limit of minority participation. Brazil and other nations in South America offer opportunities for Japanese emigration. As industrial deyelopment progresses, there will be more need for skilled labor Japan can supply in the form of permanent settlers.

Japan's stake in Southeast Asia is a large one. Reparations agreements with the Philippines, Burma and, later, Indonesia and Vietnam, assure markets for Japanese capital goods and services. However, South America offers far more hospitality than Southeast Asia. A major problem confronting Japanese investors in Latin America is competition from the United States. Japanese machinery makers can undersell American rivals because of inferior quality. Thus, the usual type of Japanese investment, supplying equipment and services in return for stock in a new enterprise, works well in this region. Where the competition lies is in credit. American firms are liberally endowed with funds and have access to greater credit than Japanese companies. They can extend long-term loans to South American enterprises for purchases of plant equipment. For many of these low-income countries, attractive credit terms are more important than low prices.

The proposed construction of a steel plant in Brazil by three Japanese steel firms is attracting much attention. Yawata, Fuji, and Nippon Steel Tube are to provide $42 million worth of equipment and service for the $100 million plant over a seven-year period of construction. This is to be a loan, repayable in dollars over 10 to 15 years. A minority equity investment by the Japanese firms in the new company is also possible but has not yet been decided. The problem that this project raises for the Japanese investors is getting the necessary financial support. The companies cannot advance funds on this scale. The Japan Export-Import Bank also has not sufficient resources to engage in long-term financing of such magnitude. The Finance Ministry has shown interest in the project and will probably make the funds available by appropriation through the Export-Import Bank. Businessmen feel that if the Government cooperates in this undertaking, other investments will receive equal backing. With adequate financial support, Japanese business will be in a position to expand throughout the world in a network of subsidiaries.

Japan-China Trade

Japan's trade with Communist China is slowly increasing. During the first half of last year, Japan imported £14.3 million worth of commodities from China and exported £5.3 million worth. This year, imports have been about the same, but Japanese exports have expanded 54 per cent to total £8.1 million. Chemical fertilizer account for the major part of the increase. Last year's sales, valued at £1.7 million for six months, have doubled in the last half year. Exports of farm tools also rose from £4,800 to

ECONOMIC LETTER FROM TOKYO

Industrial production is kept at a postwar high level, the index for June recording 216 (1934-36 av.=100). This is also reflected in employment with an increase in the number of permanently employed and a decrease in totally unemployed. That wholesale prices, which had taken an upward turn since July, reached the postwar high of 166.3 (before Korean war = 100) is a matter of some concern. Yet, despite a sharp rise in some of the basic materials such as iron and steel and lumber, there was a fall in prices of other things such as cotton yarn, rayon fabrics, cement, etc. Besides, so far as fiscal and monetary situation is concerned, there is for the present nothing inflationary or conducive to inordinate business boom. The need is rather in seeking the balance between different groups of industry in respect of equipment investments, in view of the fact that excess investments resulted in the present shortage of the supply of basic materials on one hand, and increasing surplus mainly in consumption goods on the other hand.

Japan's business has not kept pace with advances made in countries overseas; prospect of rich harvests for two years has inspired confidence so that prices of consumers goods are stable in the face of a rise in capital goods; since a surplus exists in productive equipment as well as in labor force, there is no fear of inflationary developments yet.

This year's rice harvest is estimated at 73,570,000 koku or nearly 6,900,000 koku more than the average year. Compared with the actual yield of 79,030,000 koku last year, which is the biggest record so far established, it is some 5,400,000 koku smaller, but second only to last year in its size.

According to survey made by Taxation Office as to salaries and wages paid by 7,178 offices of private business out of some 550,000 throughout the country, such payments made during 1955 totaled Y1,863,600 millions and the recipients numbered 10,070,000. Thus the annual average income per capita comes to Y185,000, which compares with Y182,000 in the previous year. This survey does not include civil servants both of the National and local governments, nor employees of National Railways and other Government enterprises; but it does include small businesses by private individuals employing less than 30 persons in some industrial groups.

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a record £562,000. Agricultural drug sales expanded from £23,000 to £573,000. While no cement was shipped during the first six months of 1955, this year saw exports amounting to £684,000.

Imports from Red China declined while exports increased. January saw a deficit of £2 million in Japan's trade with Peiping; the June balance was more than £600,000 favorable.

A new development is the revised payments system to be adopted by Japanese firms. The plan is to permit Japanese firms to maintain trade accounts with the China-Japan Export-Import Association which will offset one against the other and remit net balances to the Bank of China in Peiping. In the past each firm has been obliged to balance its accounts individually with Red China. Every import contract had to be matched with a corresponding export agreement. Under the current private trade agreement, imports and exports are broken down into several categories. A purchase in one class of goods require a collateral export in the same category.

The Bank of Tokyo is attempting to establish direct ties with the Bank of China to eliminate the present payments arrangement through London. Japanese officials estimate that trade with Red China could rise to $100 million each way if 290 items were released from the embargo list. These are all commodities which are eligible for export under the exception procedures of COCOM. In each case, either prior approval or simple notification after shipment is required. The Japanese Government is reluctant to make greater use of the exception procedures without United States approval. There is some fear that the U.S. might cut off supplies of raw materials contained in exports to Red China. For example, a large amount of carbon black comes from America. If this embargoed commodity were shipped to Red China under the exception procedures, Washington might restrict sales to Japan.

There is a notable tendency for bank loans to increase recently as may be seen from the end-August figures of loans and deposits outstanding of 12 big commercial banks. The expansion of loans of these big banks during August reached Y50,700 millions as compared with and in continuation of the growth of Y45,200 millions in July. While deposits also increased Y48,400 millions during August, the increase in loans was much greater, and the banks find them more overloaned as a whole. The continued gain in loans since June is attributed to the banks' attitude to extend loans to business firms and to the big plant and equipment financing as well.

All trust and banking corporations have agreed on lowering the rates of dividend of money-in-trust by 0.4% p.a., effective from September 26, making 5 year's to yield 7.1% and 2 year's 6.4% p.a. This action has been taken to conform to 0.5% reduction since July 20 in the dividend rates for loan trusts.

Stock market has kept sluggish for the past two months reflecting uneasy political situation and under the pressure of new issues of shares by many corporations for capital increase. Prices have gradually weakened and on September 12 the Dow-Jones average price of shares dropped to Y482.70, a new low of late, even lower than the average (Y482.87) on July 2, when prices slumped.

JAPAN-SOUTHEAST ASIA ECONOMIC TIES

The economic ties between Japan and Southeast Asia in the form of joint enterprises and technical cooperation projects are steadily on the increase. As of July 20, contracts between private firms in Japan and those in 12 Southeast Asian nations totalled 67—of which 22 were as joint enterprises and 45 as technical assistance.

Fifty-four other projects of a similar nature are either being negotiated at present or are awaiting Government approval.

The breakdown by countries presently engaged in joint enterprises and technical cooperation is as follows:

Nation	Joint Enterprises	Technical Cooperation
Thailand	Development of tin mine (1); development of ilmenite mine (1)—Total 2.	Construction of cold storage house (1); bridge (1); ceramics factory (1); rubber manufacture (1) —Total 4.
India	Fountain pen & ink manufacture (1); thermos bottle manufacture (1); plate glass manufacture (1); fishing (1)—Total 4.	Development of steel mine (1); assembly of electric meters (2); battery manufacture (1); magnesia clinker roasting (1); manufacture of spinning machines (1); manufacture of zinc oxide lead pencils (1); manufacture of cables (1); manufacture of wire enmeshed cloth (1); manufacture of parts for cotton spinning machines (1); manufacture of cotton weaving machines (1); manufacture of electric bulbs and fluorescent lights (1); manufacture of bobbins (1)—Total 13.
Ceylon	Shirt manufacture (1); glass bottle manufacture (1); fishing (1)—Total 3.	
Malaya	Development of iron ores (1)—Total 1.	Development of iron ores (1); ship salvage (1)—Total 2.
Burma	Fishing (1); Trade and after service (1) —Total 2.	Pearl fishing and culture (1); hydro-electric power construction (1); sugar factory construction (2); surveying and designing of airfield (1)—Total 5.
Philippines	(All loans and plant exports are made in the form of credits) Copper mine development (2); Iron ore development (1); Raw timber development (1)—Total 4.	Copper mine development (1)—Total 1.
Taiwan	Belt manufacture (1); fishing (1); hemp spinning (1)—Total 3.	Shipbuilding (1); shipbuilding parts manufacture (1); machinery manufacture (1); fluorescent lamp manufacture (1); electric meter manufacture (1); fishing (1); paint manufacture (1); concrete telephone pole manufacture (1); copper and gold mines development (1) —Total 9.
Hongkong	Cold storage house construction (1) —Total 1.	Iron ore development (1); fishing (2)—Total 3.
Laos	Trading firm (1) (to expand and facilitate sales of Japanese products)—Total 1.	
Viet Nam		Designing of power plant (1); fishing (2) —Total 3.
Cambodia		Match factory (1); printing (1)—Total 2.
Indonesia	Bank (1)—Total 1.	

Contracts are expected to be concluded with the following countries for 54 more projects involving joint enterprises and technical cooperation: Thailand (8), India (10), Ceylon (8), Pakistan (2), Malaya (4), Burma (9), Philippines (6), Formosa (5), Hongkong (1) and Cambodia (1). The general trend is toward an increase of economic cooperation and assistance projects for which Japanese concerns are ready to extend their facilities.

LIU SHAO-CHI'S POLITICAL REPORT

PART TWO

The Political Report to the Party Congress, presented by Liu Shao-chi, spoke of the very great changes among the national minorities totalling some 35 million, of whom 28 million inhabit areas where socialist transformation has been basically completed. A plea was made for the maintenance of a prudent policy without haste and through consultation with the leaders of the nationality concerned peaceful means must be persisted in and no violent struggle resorted to. There is no doubt that Tibet was very much in the mind of the rapporteur. He went on to say that "in regard to the members of the upper strata of the national minorities, after they had given up exploiting and oppressing the working people, the State will take appropriate measures to see that they do not suffer as regards political treatment or in their standards of living, and will convince the people of the need for co-operation with them for a long time to come. In regard to religious beliefs in the areas of the national minorities, we must for a long time adhere to the policy of freedom of religious belief and must never interfere in that connection during social reform. We should help those who live by religion as a profession to find a proper solution of any difficulties of livelihood with which they are faced. In order that the national minorities should grow into modern nationalities, the most fundamental thing—the key, besides carrying out social reform—is to develop modern industries in the areas they inhabit."

One of the most urgent tasks is to begin the systematic codification of a relatively complete set of laws and to put the legal system of the country on a sound footing. It was necessary that everyone in the country should be convinced that as long as he did not violate the established laws, his civil rights would be guaranteed and would suffer no encroachment by any organization or individual. "All State organisations must strictly observe the law and the security departments, procurators' offices and courts must conscientiously carry out the system of division of function and mutual supervision in legal affairs. But the Report interpolated here a significant assurance to the secret police, saying that "counter-revolutionaries are bent on undermining the State and construction and endangering the security of the people, so it is the duty to the State organs to suppress and weed out counter-revolutionaries." He suggested that as some batches of these people had given themselves up, it proved that there are still some at large and it was therefore absolutely wrong to think that the Party could relax its vigilance—obviously a retort to an agitation for the curbing and reduction of the massive security mechanisms. But, it was added, the struggle must be conducted with strict observance of the law; and further steps must be taken to put the policy of leniency into practice.

There were the usual references to the phenomenon of bureaucratism and arm-chair leadership; the need to strengthen supervision of party and state affairs; and the proper readjustment of the administrative powers and functions of the central and local authorities. It was absolutely necessary for the central authority to devolve some of its administrative powers and functions to the local authorities. In much of the work of the State, the central authorities should put forward general principles and policies and map out general plans, while the actual work should be left to the local authorities.

The Report said that "aggression is utterly incompatible with socialism"—though it seized power by armed conquest, just as it was consolidated by civil war in the Soviet Union—and described the foreign policy of Britain and France as being "bogged down in a morass of contradictions and confusion," while Egypt had "widespread sympathy—the Report did not say support—all over the world. "The Chinese people deeply sympathise with and actively support the struggle against colonialism and for national independence being waged by all oppressed peoples and all countries that are suffering from aggression," but the policy of peaceful co-existence based on the five principles did not exclude any country.

The Report of the Central Committee went on to make the remarkable assertion, in view of the events and "hate" agitations of the past ten years since the Japanese defeat allowed China to return to freedom, the malignant germ warfare campaign and other manifestations of gratitude and affection for America, that "we have the same desire for peaceful co-existence with the U.S." while at the same time assailing the U.S. for a catalogue of crimes, including that of "insolently depriving us of our country's rightful place in the United Nations." The passage did, however, end on a more persuasive and less propagandist note.

The report stressed the necessity of maintaining correct and sound leadership and of ensuring that there were fewer mistakes by Party organisations and members stemming from ideological understanding. "There are struggles in our Party between correct ideology and wrong ideology and between correct line and wrong line. These struggles are the reflection of the class struggle and various social phenomena. Since the petty bourgeoisie constitutes the majority of the population, the feelings and sentiments of this class often influence us, and exert pressure on us. The bourgeoisie likewise influences us in various ways. The Party must regularly carry on inner-Party education so as to prevent the bourgeois and petty-bourgeois ideologies from impairing its political purity. Our mistakes not only have their social roots but also have their roots in the faulty understanding of reality. Therefore the basic thing to start with is to seek an accurate knowledge of objective reality and differentiate between right and wrong."

Party organisations at all levels, said the Report to Congress, must without exception rigidly adhere to the Party's principle of collective leadership and broaden democratic life within the Party. This would strengthen, not weaken the Party's centralism. Nor does collective leadership negate the necessity for personal responsibility or the important role of a leader. "The reason why the leader of our Party, Comrade Mao Tse-tung, has played the great role of the helmsman in our revolution and enjoys a high prestige in the whole Party and among all the people of the country is not only that he knows how to integrate the universal truth of Marxism-Leninism with the actual practice of the Chinese revolution, but also that he firmly believes in the strength and wisdom of the masses, initiates and advocates the mass line in Party work, and steadfastly upholds the Party's principles of democratic and collective leadership." The report added that in the Party's relations with all fraternal parties, it must show warmth and take a modest attitude towards them. "We

must resolutely oppose any dangerous inclination towards great-nation chauvinism or bourgeois nationalism."

While it has been agreed that Tibet must follow China's path to Socialism, it was apparently likewise agreed that implementation of this policy should be subject to constant and peaceful consultation, while appropriate measures will be taken to ensure the political positions and living standards of the Tibetan nobility and lamas after the reforms, and that the Lamaist religion and the lamasseries will be strictly protected. The Communist leader in the Inner Mongolia regime, Ulanfu, said the minority peoples ought not to follow blindly the Chinese race but should develop "in line with the situation and conditions of each nationality." There have always been complaints by the Chinese about the Mongols' misconception of autonomy as equivalent to independence and this attitude no doubt led to the great changes whereby Inner Mongolia was absorbed in the Chinese-dominated Suiyuan. The latter lost its name for the Mongol title of Huhehot but gained all the rest of Inner Mongolia, the Chinese majority thus amassed enabling Peking to keep the Mongols subordinate both in numbers and in power.

The Mongols, on the other hand, have constantly accused and warned the Chinese about "Han Chauvinism" which, said Ulanfu, is still relatively serious. This over-emphasis on the Han race (Chinese) "demonstrated itself mainly in neglecting the interests and characteristics of the minority, the under-estimation of their role in the socialist construction of the country, and insufficient attention to equal rights and the right of autonomy." He pointed out that regional autonomy conformed to the principle of Socialist democracy and national equality in a country in the transitional period to Socialism. He claimed that this autonomy enabled the national minorities to become "masters of their own affairs" and to develop according to their own characteristics. Various reforms, such as land reform and the emancipation of slaves, had been carried out in areas inhabited by some two million minority people. In general these were preliminary to Socialist transformation, and must be carried out through peaceful means. Party building and the training of cadres, he said, is most important. There are already 300,000 minority members of the Party and 210,000 of these peoples have become Government workers. He also made the interesting claim that the cattle in the pastoral areas, which had fallen to a catastrophic level, had been doubled since 1949, and agricultural output averages more than the peak level before that year.

China's legal system—or rather the lack of it—was the chief theme of the address of the President of the People's Supreme Court, Tung Pi-wu, who is a member of the Politburo and one of the dozen founder-members of the Party. He claimed that under the present regime China not only enjoyed all the freedoms but even the freedom to oppose imperialism, exploitation, oppression, and aggressive wars and to support world peace! This was merely one indication of how very much he was on the defensive in view of the vast unpopularity of the whole present system of rule without law and of the officials and secret police who impose it. In one breath he claimed that the people's rights were firmly guaranteed by the "people's democratic legal system," and in the next that China must have a legal and juridical system comprising civil and criminal codes, a labour law and a rural land law in place of the existing conditions in which Party policy constitutes the basis of legislation and jurisprudence.

These new laws must not only be codified but respected by all, whatever their rank or the service they had rendered. There must also be set up a system of lawyers which would permit the best defence of the rights of the people. He admitted that "a small number" of Party members and Government functionaries at present paid no attention to the legal system of the State or chose to abide by the law; that cases of violations of law and infringements of democratic rights had been discovered; and that proper legal procedures were not fully observed in some cases when criminals were arrested, and that there were cases of maltreatment of prisoners. In the first years of the Party's rule there had been extra-juridical excesses, and he tried to justify them by saying that they had to take into account the revolutionary movement against the Nationalist legal system and the manifestations of "petty bourgeois anarchism." In point of fact the Party had wholly to depend on illegal means, from the seizure of power by armed force to the implementation of its policy both on the land and in the cities, where the cadres or other agents of the Government, and hosts of agitators who joined them,

would have themselves been the subject of the law had it been in force.

The seizure of private lands and private property and enterprises, in a legal state would be a gross and criminal invasion of personal rights, and the truth is that the Communists had to destroy and ignore all laws and restraints in order to carry out their policy. The whole legal system could have been preserved if seizures were subject to compensation by agreement but revolutionary tactics had motives other than that of the redistribution of wealth! It took the Chinese the best part of half-a-century to create the legal structure which existed when the Communists took over. They demolished it within a year or so after seizing power, and now they are proposing to start building all over again, while acknowledging that the "profound hatred in the Party and among the masses" (inculcated by himself and other leaders) for the old system tended to breed contempt for all legal systems. "Mass movements do not entirely rely on laws," he commented, and thereby made the greatest under-statement of the whole Congress!

But now he wants to strengthen the judiciary, particularly the procuratorates, to set up a new law research institute, to raise the level of teaching at the law colleges and schools, and to encourage law-abiding habits throughout the country. But the means used to take and seize power are not so easily forgotten and only too often they determine the ends. He said that the new legal system will embody the earlier systems in China and foreign systems, particularly the Soviet Union—whose legal and judicial system is one of the biggest scandals humanity has known since the middle ages, even if Beria is now dead. It was inevitable, he said, that for a time the legal system should be incomplete in "a newly-established State," but if the situation were allowed to remain it would become a serious problem. Thus he stressed the need to provide China with "some urgently needed basic laws."

The Minister for Public Security, Lo Jui-ching, virtually gave the Congress the choice between permitting the most "thorough investigations" and all this implies from previous experience in China since the new regime came in, and of the use of tortures and forced confessions, "which have always been forbidden by the Party as anti-Marxist and anti-revolutionary"—and have been systematically and barbarously applied nevertheless by Marxist functionaries more than by anybody during the most dreadful periods of modern history. There is in fact no comparison whatever between the justice meted out in Communist States in the last 40 years and the system of justice which is one of the distinguished glories of Western and particularly British civilisation. The Minister went so far as to say that the "active association of the masses with the struggle of the security organisations against counter-revolutionaries" is the guarantee of the success of that struggle! There is in point of fact no need for this kind of mechanism any longer in China, and the time is over-ripe for a return to law, as they began to do in the Soviet Union when Beria was disposed of by the Marshals.

(End)

CIRCULATION TAX IN CHINA

The Communists in Peking are now thinking of borrowing another chapter from the Soviet's "advanced experiences" and may adopt the socalled Circulation Tax. The idea is that it should begin experimentally within the confines of Socialist economy. To ensure the stability, fairness and prompt collection of the Budget receipts of the State, it is urged that from the profit margin of the various products of the different economic organs, a certain portion be earmarked to be retained as profit by the enterprise units and the major portion be incorporated into the State Budget through the channel of the Circulation Tax. A lengthy essay on the topic in Planned Economy (Chi Hua Ching Chi) refers to the practice in the Soviet Union of deducting from the unit price the portions planned for production cost and profit, and then to determine the tax rate on the basis of the remaining portion. The proportion of the planned profit to be retained by the enterprise unit is in general about 3% to 5% of the average production cost of the same type of products manufactured or handled by organisation units under the same line of management. In China, it is argued, when the Circulation Tax is introduced the proportion of planned profit to be retained by the enterprise should be larger, because some are progressive and some backward, production costs are not uniform, and the accuracy of plans cannot be counted upon.

Simplified tax rates should also be applied. Insofar as the principal commodities are concerned, the same type of goods manufactured by different units under the same line of management or control should be subjected to the same tax rate, provided there is not much difference in the margin of profits among the different units. As to secondary products, it is suggested that one or several consolidated tax rates may be worked out, always with due regard to simplification. In the determination of the rates for the Circulation Tax, the former method of imposing a uniform tax rate irrespective of the conditions of profit or loss of the enterprise should be changed. Enterprises run at a loss or at very small profit should be exempt. The special tax known as the "non-commodity operation tax" is to be abolished by the Soviet Union, and incorporated in the circulation tax. It is levied on enterprises engaged in processing of products or in operations which do not require the handling of goods but are in the nature of service functions.

Two opposing viewpoints are already reported in China on the question whether production goods should be subject to tax. In the Soviet Union such goods are generally not subject to the tax. In some of the other "people's democracies" they are. From the viewpoint of price policy, the lower the cost of goods for production the better for the development of the different branches of the national economy. It was only in 1949, when fundamental reforms were made in the system of fixing prices of production goods, that it was decided by the Soviet not to subject production goods to the circulation tax.

For this reason, China will have to consider the matter carefully with due reference to the actual conditions in the country. Products susceptible to the collection of a single tax through both the manufacturing and marketing processes must be subjected to collection of the circulation tax in one single payment. In regard to other products which cannot be thus subjected, the collection of tax may be made separately during the manufacturing and marketing processes. The ultimate aim is a gradual transition to

the system of making one single levy, which is the governing principle in the administration of the circulation tax in the Soviet Union. There industrial products are subjected to only one tax from manufacturing to marketing, while agricultural products are likewise subjected to only one tax from the time of their purchase by the trading organ up to the time of their eventual sale or disposal. The products are subjected to only one single levy made either during their manufacturing process or, in the case of agricultural products, during the wholesale stage, and no collection of the tax will be made during the subsequent retail stage. The shaping or fixing of the ex-factory price, wholesale price and retail price of industrial products is done by the same organ all at one time. Through proper price planning, the State is able to have the production departments acquired by far the major portion of their profit accumulations at either the manufacturing stage (in the case of industrial products) or the wholesale stage (in the case of agricultural products), leaving a very small profit margin available at other stages (such as retail) of the marketing operations.

In China the price system is still being administered separately by the industry and commerce departments. There is as yet no one single organ which exercises unified control and determines all at one time the prices of products at various stages. Hence, it is still not possible to have the profit accumulations from products centred on any particular stage. At present the ex-factory price of industrial products—outside of prices fixed by the State when making requisition or transfer of goods—is generally reached upon negotiations between industry and commerce departments. The profit margins reserved for both stages are frequently rather substantial. Since there are no fixed rules governing the distribution of these profit margins between these manufacturing and marketing departments there have been frequent disputes in the negotiations when drafting the purchase or sales contracts and also frequent changes and readjustments have to be made in the execution of these contracts. Under these conditions it is very difficult to enforce in China at present the system of making a single levy of the circulation tax. The method suggested is therefore a single levy of the tax on those products the profit accumulations of which, through the due process of price fixing, can be concentrated on a certain stage, and temporarily to make separate levies, at the manufacturing and marketing stages, in the case of articles which cannot yet be subjected to a single levy.

The procedure governing payment of the circulation tax has also to be greatly simplified. Certain steps or rules found to have impeded the operation of the business accounting system in the past have to be changed or revised. Thus, all State-owned enterprises subject to the circulation tax will no longer have to pay the many kinds of taxes originally payable in the past, such as commodity circulation tax, goods tax, business tax, and stamp tax. In the past the practice was to collect tax levies, following the regular procedure, on all products manufactured by the enterprise units themselves and retained for their own use, and also on products transferred from one factory to another, whether belonging to the same administration bureau or to different bureaux. Hereafter it is best that products under this category should not be subjected to the tax.

As to the determining of the prices of products for tax calculation purposes, it is suggested that the prices fixed by the National Planning Commission and by the ministries or bureaux in charge, or those arrived at by the enterprise units themselves, strictly in accordance with the provisions of the price system, should serve as the basis. The inconsistencies so common in the past will have to be removed. All enterprise units which have violated the price rulings and have not marketed their products according to prices fixed by the State will have to turn over all excess funds thus derived to the treasury to be incorporated into the State Budget, treating them as "excess taxes", and also to make tax payments on the basis of originally fixed prices if they have marketed their products below the level of such fixed prices. Finally the enterprise units are to be allowed to compute themselves the amount of the circulation tax they have to pay and to have it paid into the Government banks on due date. In order that this system may be rigidly implemented, it will be necessary to enforce a chain of supporting measures designed to exercise supervision and control. The collecting agencies of the State, on their part, must take up the responsibility of exercising supervision and control over the enterprises and must watch closely if they are fulfilling their tax obligations.

PHILIPPINE ECONOMY IN JANUARY-JUNE 1956

The performance of the economy during the first half of 1956 was characterized by continued expansion sustained by liberal monetary support. Increased production; greater domestic savings; wider diffusion of the monetary sector of the economy; a steady supply of capital goods, essential items, and raw materials; and better fiscal control which accompanied the monetary movement enabled the economy to maintain relative stability and mitigated the price rises which otherwise might have taken place. The increment in money supply was reflected in moderate increases in the over-all price level due to the advances made in the productive sectors of the economy. By the end of June 1956, money supply expanded by P206.9 million, or a rise of 17.1 per cent over the comparable month a year ago. On the other hand, the levels of consumer prices and retail prices of foodstuffs in Manila went up by 4.0 and 5.2 per cent, respectively.

Starting from a level of P1,208.6 million in May, 1955, the volume of money maintained its upward movement except for temporary interruptions in September and May to reach P1,416.8 million on June 30, 1956. The combined effect of the internal and external sectors jointly increased money supply by P80.6 million for the first semester of 1956. The public sector was responsible for a net increment of P25.5 million which arose mainly from the heavy support of government securities by commercial banks. The private sector exerted a negative influence of P6.2 million thereby producing a net expansion of P19.3 million in the money supply arising from internal origin. Considerably helping the upward trend of money supply was the estimated P92.0 million budgetary deficit on operating account incurred by the National Government during the fiscal year 1956. In addition, expenditures for development projects accentuated the growth of money supply and expanded public debt by P188.30 million for the first semester of 1956.

However, the wider spread of government expenditures to rural districts enlarged the area of monetary flow which helped to lessen the upward price effects of the expansion in the means of payments. The improvement in the Government cash balances by P151.1 million partly offset the expansionary flow of money supply.

Total domestic credits of the banking system amounted to P1,930.9 million, an increase of P177.8 million or 10.1 per cent during the six-month period. The diminution in the portfolio holdings of Public Works and Economic Development bonds by the Central Bank accounted for the contraction in its credit operations by P11.8 million. However, the credit volume of other banks increased by P188.6 million which more than compensated for the decline in the Central Bank credit portfolio. Banking institutions exhibited a highly liquid position during the period and a further improvement of P7.0 million was noted in their aggregate cash position. Loans granted by selected financial institutions, likewise, went up P41.4 million during the first half of 1956, with their total outstanding loans at the end of the period amounting to P607.1 million, or an increase of P26.1 million from the December 1955 level.

The careful husbanding of the international reserve for meeting the essential needs of the economy resulted in the gradual but consistent improvement of the level of reserve alongside with a steady supply of capital goods. The reduction in exchange allocations for non-essential items coupled with the recovery of export prices to the levels obtaining a year ago particularly for copra, abaca, logs and lumber, and base metals, enabled the international reserve position to reach $233.81 million on June 30, 1956. This was a decided improvement from $209.21 million at the end of 1955, but still $10.53 million lower than the corresponding figure a year ago. The improved international reserve position helped to increase money supply by P61.3 million.

While import arrivals from January to May, 1956 amounted to P393.6 million, or P76.2 million less than the corresponding period of the previous year, the value of capital goods increased by 12.1 per cent over the comparable period last year. Consumption import items amounted to P88.3 million during the first five months of 1956 compared to P125.7 million last year. This was a reflection of the further cut made in foreign exchange allocations for non-essentials. The rise in the import price index by 5.8 per cent contributed to the total reduction in volume which went down by as much as 20.2 per cent. On the other hand, exports rose to P383.5 million, bringing down the import surplus to P10.1 million during the five-month period. The increase in exports, however, did not fully match the decrease in imports, thus bringing total external trade to P777.1 million, a 5.0 per cent contraction compared to the corresponding period last year.

The net terms of trade with all countries slipped by 5.4 per cent. The biggest deterioration was observed in trade with Japan, with which terms of trade went down by as much as 12.8 per cent. No changes were noted in the relative ranking of imports and exports. An exception, however, was the decline in textile imports which was outranked by imports of machinery and mineral fuels, lubricants and related materials. The United States and Japan continued to be the principal trading partners, although an improvement was experienced in both exports and imports with Northwestern Europe.

With no indication of any slackening in the rate of growth of agricultural and industrial production, the average price increase in consumer items was held to 2.1 per cent above the corresponding semester last year. During crop year 1956 the index for agricultural output spurted by an additional 7.1 per cent to 135.0 (1952=100), compared to 126.0 in 1955. Manufacturing production also surged up another 17.6 per cent in one year. This continued rise was made possible by the existence of a high level of demand, improvements in distribution, and a continuing supply of raw materials. Base metals dominated the picture, with chromite and copper taking the lead in the expansion of production. Construction activities were carried on briskly with all major types registering advances in both number and value. Gross sales of leading business establishments topped by 11.7 per cent the corresponding level of the preceding year with all sectors contributing to the expansion. Mining and quarrying led the sales increase with a 22.4 per cent rise followed by construction and commerce with 15.1 per cent each. Other major contributors were services, 12.9 per cent, transportation and communication, 8.8 per cent, and manufacturing, 7.0 per cent.

The brisk pace characterizing manufacturing, construction, and mining activities carried the employment index to 117.0 (1949=100), or 4.7 per cent above the corresponding level of the preceding year. The upturn in employment can be traced to increased activity in mines, more building construction, and expansion in government personnel. Monthly earnings of wage earners were running 2.1 per cent higher than a year ago. Wage rates, especially among unskilled laborers, continued to improve in both monetary and real terms, advancing by 2.2 per cent and 2.5 per cent, respectively. The improvement seems to indicate an enhanced bargaining position for laborers.

Concurrent with the rise in money supply and the sectoral advances made, the price levels for the first six months of 1956 exhibited moderate counter-seasonal increases which amounted to almost 2.0 per cent in both retail and wholesale markets. In both markets, price advances were largely concentrated in imported items which outweighed the general ease in prices of locally produced items. Upward movements in the retail prices of imported commodities like evaporated milk, butter, fruits, and salmon raised the retail price index to 94.6 or 3.3 per cent higher than the first half of 1955. In the wholesale market, the general price increase of 1.8 per cent resulted from the imposition of higher tariffs on incoming goods and an improvement in export prices. Wholesale prices of imported goods rose by 7.5 per cent above the immediately preceding half-year period as beverages and tobacco increased by 16.3 per cent; machinery and equipment, 7.9 per cent; and manufactured goods, 8.5 per cent. These were the combined effects of the imposition of tariff duties on U.S. goods, more stringent dollar allocations, and the recent upward price movements observed in the principal trading partners of the Philippines. Prices of export products moved up from the previous semester's level; the index registered 89.1 (1949=100), recording a 2.3 per cent rise over the last semester of 1955. Big gains recorded by abaca, lumber and logs and the substantial recovery made by sugar and copra improved the over-all export price to the level prevailing a year ago. Consumer prices exhibited price increases averaging 1.4 per cent higher than the preceding semester. The textile group rose by 5.4 per cent and household furnishing by 4.8 per cent as prices of foreign-made utensils and electrical appliances increased.

Stock prices soared to new heights, averaging 32.9 per cent above the preceding semester. Bullish tendencies do-

ECONOMIC LETTER FROM MANILA

The industrialization program of the Philippines could be carried out with the country's own resources if the people would put their idle sav'ngs to work, according to Vicente G. Sinco, Dean of the University of the Philippines College of Law and member of the Central Bank's Monetary Board. Savings deposits in government and private banks in the Philippines amounted to P557,200,000 as of July this year. This huge reservoir of domestic capital is waiting for the "right men, the proper organization, the correct incentives and technical skill" to put it to use in the country's development. The annual increase in savings deposits here is running between P40,000,000 and P80,000,000.

A controversial city retail tax ordinance has been passed by the Municipal Board of Manila after it had been pending action by two city councils over the past three years. The ordinance provides for the following tax fees to be paid by Manila retailers: For dealers in luxury articles —a quarterly fixed tax of P1,800 and an additional P11 for each P1,000 or fraction thereof in excess of P150,000 gross sales. For dealers in essential commodities—a quarterly fixed tax of P1,500 and an additional P10 for each P1,000 or fraction thereof in excess of P150,000 gross sales or receipts. For dealers in miscellaneous articles—same as for the dealers in essential commodities. Tax fees were also increased for dealers with gross sales of less than P150,000, but the board provided that the smaller retailers will not be as heavily hit as the big ones. Owners of assembly plants and other manufacturers engaged in the retail sale of their products are subject to provisions of the ordinance. The new retail tax may raise an additional P150,000 a year.

In a move to combat growing inflationary tendencies in the country, the Central Bank suspended indefinitely the operation of both long-term and short-term credit arrangements between commercial banks in the Philippines and in the United States. Current credit arrangements between Philippine and U.S. banks, which are deemed to be inflationary under present world conditions, involve an estimated $50,000,000. The suspension order does not affect credit secured by Gov. Cuaderno from the Export-Import Bank and other U.S. banks to augment the resources of Philippine credit institutions in the long-term financing of industries.

Japan and the Philippines received the greatest share of nine Export-Import Bank loans made in Asia during the 1955-56 fiscal year. The two nations divided $157,250,000 of a total of $158,000,000 lent by the bank to further U.S. exports to four Asian nations. India and Thailand received small loans for the purchase of specific industrial items. The largest single credit—$65,000,000—went to the Philippines. Additional loans will be made to the Philippines over the next three years to permit expansion and diversification of industry.

The Philippine Homesite and Housing Corporation, a government agency, will test a revolutionary building process which has been introduced by George F. Middleton, housing expert of the United Nations Technical Assistance Administration. Known as the "rammed earth" process, the technique makes possible the construction of strong building walls out of common earth moistened and mixed with a little cement. The mixture is poured into wooden molds and tamped solid with a hand rammer or a compressed air rammer. There is nothing inferior about the process. It provides lowest cost housing that is also excellent, the resulting walls being dense and strong. The method has been tried out on a large scale in Ceylon and elsewhere. Tests conducted in Ceylon show that such walls can withstand a pressure of five tons per square foot. The PHHC indicates it will use the process if its own tests prove satisfactory.

"Efco" wallboard, produced from coconut husks by a process invented in the Philippines by Martiniano Floro, can be sold in the United States in the volume of $20,000,000 a year.

The Philippine Oil Development Co. will drill a second well in the Cagayan Valley on Luzon. The firm has ample funds on hand for the purpose. While drilling of the first well will be discontinued, the experience gained with it will be a guide in sinking the new one. New engines have arrived for the project, new casing has been ordered, and drilling equipment is being brought to Manila for overhaul so as to assure the greatest efficiency in the new operation. Exact location of the new well will be based on an airborne magnetometer survey, results of which are being evaluated.

Mindanao Mother Lode Mines new copper property in Zambales, during its first eight months of operation, treated 32,464 metric tons of ore for a yield of 3,179 tons of concentrates bearing 1,880,909 pounds of copper.

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minated the first quarter movement while relative adjustment characterized the second quarter of the current semester. Activities in the mining sector continued to set the pace with improved copper prices bringing the mining index to 205.3 (1952=100). Sugar further boosted the index mainly due to the improved position of the sugar industry.

General fund receipts of the National Government for the first four months of 1956 amounted to P175.74 million compared to P177.16 million a year ago. Total outlays for the same period amounted to P231.12 million, an increase of 11.37 per cent over last year. Expansion in general personnel contributed to the increased expenditures. Education and social services continued to get the lion's share of the total expenses.

The government cash position on June 30, 1956 showed a balance of P317.63 million, an improvement by P135.91 million over the 1955 year-end level. The floating of P85.0 million Treasury notes in June which formed part of the National Government balance with the Central Bank at the end of the month added to the existing cash proceeds from normal government operations. Moreover, the faster releases of proceeds from sales of government bonds helped improve the cash position of the government. The total public debt reached P1,514.96 million on June 30, 1956, an increase of 20.99 per cent during the year. Developmental debt continued to take up an increasing portion of the national debt with the sale of more Public Works and Economic Development bonds.

POWER PROBLEMS IN KUALA LUMPUR

Yang Teramat Mulia Tengku Abdul Rahman Putran, first Chief Minister of Malaya, gets the princely title by which he is known from the State of Kedah. He is the fifth son of the Sultan. Now at 53 he commands more power than his buccaneering ancestors ever did in their riverbank kingdom; more even than the British governors who have been fostering efficient government and lucrative investment upon the tropical peninsula for the past 80 years. The Tengku sits modestly in his office, Muslim cap on head, chain smoking from tins of English cigarettes. He speaks slowly, quietly, sincerely, with never a sign of the obstinacy and occasional temper he is known to display behind the scenes. Here, a new Asian leader is emerging. Less spectacular perhaps than some; less authoritarian and dynamic. But a man who knows his mind, at least on basic issues, and is determined to steer Malaya between the twin dangers of racial conflict and extremism.

Tengku Abdul Rahman was a political unknown when he succeeded to the Presidency of the United Malays National Organisation, the communal body built up by his predecessor, Dato Sir Onn bin Jafar, who walked out in 1951. U.M.N.O. is the political consciousness of the awakening Malays. Its members are openly fearful of the growing influence of the Chinese immigrant population. The Malays claim Malaya as their birthright. They deeply resent the economic privileges won by the Chinese. They have always enjoyed protection under the paternal British, and intend to maintain, and even extend, their power once independence thrusts the government into their hands.

The Chinese have played little part in Malayan politics. The people who swarmed in from the southern coastal regions of China had one object—to make money and go home. Now immigration from the Communist mainland is halted. Most of the pioneers' sons prefer the softer life of the tropic south. Only a few have taken to the jungle to win a Communist Malaya. Only a few have given tentative support to the Malayan Chinese Association with its membership of millionaires. The vast majority remain uncommitted. The protective laws which forbid all but Malays automatic citizenship rights discriminate against the Chinese. Thus the political balance at last year's elections lay strongly in favour of the Malays. The electoral rolls of 1,280,000 comprised 84.2 per cent. Malays, 11.2 per cent. Chinese and 4.6 per cent. Indians. The combined Indians and Chinese almost equal the Malays. The M.C.A. and its Indian equivalent, the Malayan Indian Congress, realised it was useless to oppose the Malayan vote. Together they formed a coalition with U.M.N.O.—known as "the Alliance"—which won a landslide victory. It gained 51 out of 52 elected seats in the Legislative Assembly with 80 per cent. of a heavy poll. The Tengku was more firmly supported than any other Premier in Asia. He was backed by a predominantly Malay vote which meant increasing attention would have to be paid to his fellow-countrymen's views. But to hold the Alliance together, and to avoid communal tension, he has at the same time to defer as far as possible to the wishes of the economically powerful minorities represented in his government.

Kuala Lumpur is assuming the air of a national capital. The balance of political power is swinging up from Singapore. Business houses are preparing to open new offices, diplomatic representatives are searching out suitable embassies. The sleepy little riverside town is humming with ambitious talk. But as the plans unfold and the planners chatter the problems begin to grow. The Malayan coat of arms depicts two tigers supporting a multicoloured shield. The pessimists (and there are many) predict the tigers will be replaced by a Malay and a Chinese. And instead of supporting the shield, they'll be fighting for it. On the one hand, the Malay. He is estimated to total 2,893,650 in the Federation. On the other hand, the Chinese, 2,216,105 of them. The 691,431 Indians, mostly plantation workers, are politically influential but count for little in the struggle for power. The Malays monopolise the vote, the army and the police. They have a four to one ratio in their favour over all other races when it comes to getting a government job. The Chinese dominate the economy. It is thanks to their efforts, in consort with British investors, that Malaya was raised from a jungle to the wealthiest country in southern Asia. The Chinese feel that after independence they are liable to become the work horses for the easy-going Malays. Their leaders, Left and Right, are clamouring for a greater share in running the country. The cry is for "jus soli" (citizenship by birth) to replace the present cumbersome system of registration that is so often hampered by Malay officials. The Tengku is leaving this issue to the Constitutional Commission which is starting work in Malaya. Its members, all leading Commonwealth judges, have the agonising task of devising a formula that will wed justice to political expediency. No doubt there will be hard words and disappointments—it will be impossible to please everybody—but the Tengku and his less militant supporters hope to get the Malays to accept a Constitution that will give the Chinese a stake in the country.

There is very real danger of a clash between the two communities with the latent power of the Communist terrorists bolstering the Chinese and a type of Islamic Fascism whipping the Malays into "Holy War" frenzy. Many of the younger Malay hotheads realise that the Chinese birthrate is so large they will be outnumbered within 10 to 15 years. They would prefer to grab power by force while there is still a chance. The younger Chinese sense the Malaya mood and look to the Communists to help them, if it comes to a showdown. After all, the Reds are the only Chinese with guns. Most of the weapons in Malaya are in the hands of Malays. The moderation of Tengku Abdul Rahman restrains the extremists. But even he is influenced by Malay nationalist fears. His refusal to admit troubled Singapore to an independent Malaya is due to nervousness at the prospect of plumping a predominantly Chinese population into the political scales. There are 1,200,000 people in Singapore. Of these, 77 per cent. are Chinese; enough to over-balance the Malay vote in the Federation. The Tengku also fears the insidious influences he sees bubbling up around Singapore trade unions, schools and politicians. The Peoples Action Party is gaining a hold of Singapore unions which it would like to extend to Malaya. The Singapore Chinese schools are also a hotbed of Communism. It was for that reason the Alliance Government imposed a ban on fraternal student visits from across the Johore Causeway.

Seeds are being sown of a complete schism between Malaya and Singapore. There is talk in Kuala Lumpur of building new dock facilities on the Malayan coast, of opening separate banking, radio and communication facilities. A tragedy for Singapore. But inevitable, in the Malays' mood.

The Alliance Government is conservative. It is more reactionary than the previous colonial administrations. The tone is said to be set by Colonel H. S. Lee, the Finance Minister, a millionaire tin miner and a close friend of the Tengku. The Colonel has a dislike of government inter-

MALAYA'S RUBBER

Rubber is fundamental to the economy of both the Federation of Malaya and Singapore. The rubber industry is the chief employer of labour and the commodity is the major export of the Federation. The prosperity of the territory rests largely upon the industry, and, although it is subject to periods of boom and slump, it has made possible a standard of living in Malaya which is much higher than that of most parts of Asia.

Most rubber is produced in the Federation, and the Singapore figure of some 1,660 tons for 1955 compares with the Federation's 637,463 tons for the same year. Singapore, however, is one of the largest rubber markets in the world and the most important single port of shipment.

There were slightly over 3¾ million acres of planted rubber in the Federation at the end of 1953, of which estates accounted for just over 2 million acres and smallholdings (that is holdings of less than 100 acres) for about 1,700,000 acres. The industry is estimated to give direct employment to about 510,000 people, and if their dependents are taken into account, as well as others engaged in rubber trading, transport and other subsidiary occupations it does not seem unreasonable to suggest that the livelihood of at least a million and a half of the seven million population of the Federation and Singapore depends upon rubber.

Greatest problem confronting the industry in Malaya today is that of competing successfully with the synthetic product, which since the second world war has been controlled by the United States. The kernel of the problem is the improvement of yields so that in spite of the enormously increased costs of today, production can be maintained at a competitive price.

At the present time about 735,000 acres of estate planting, that is, roughly one-third, and about 940,000 acres of smallholdings, almost three-fifths, are over 30 years old, which means that generally speaking yields are relatively low by comparison with that of the new high yielding strains which are now available.

This need for replanting is urgently recognised by the industry on the estates' side, and a progressive programme of replanting is the normal practice of all well-run estates. Such programmes were of course thrown completely out of gear by the war and the occupation. Smallholders generally, however, have been less appreciative of the need and importance of it. Thus the figures of replanting since the freeing of Malaya from the Japanese tell their own tale—estates, working on a proper plan, had replanted or new-planted over 405,000 acres between 1946 and 1954, while on smallholdings only about 90,000 acres had been so treated.

To encourage and speed the process of replanting, which must be regarded as a key necessity for the preservation of the prosperity of the industry in the future, and to place it in a position to hold its own with the synthetic product, the Federation Government in 1951 introduced a plan for the creation, with the assent of the industry, of a fund for the purpose. This is being built up by means of a special replanting cess which is in two forms—(i) a sliding scale cess and (ii) a fixed rate cess of 4½ cents a lb. The estates' share of the funds produced by (i) are returnable to them against actual expenditure on replanting, while (ii) is returnable unconditionally to them. In the case of smallholders, their share of the revenue from both cesses is put into a central fund from which grants are made for the replanting of their holdings.

This fund is administered by a Rubber Industry (Replanting) Board. The smallholders' scheme came into operation at the beginning of 1953 and it is hoped that it will permit the replanting of 500,000 acres on smallholding by the end of 1959, by which time the areas now being dealt with will be coming into bearing.

Meanwhile, in order to protect the reputation of Malayan rubber shipments, a Malayan Rubber Export Registration Board has been established (under a Rubber Packing and Shipping Control Ordinance passed both in the Federation and in Singapore) the object of which is to prevent non-bona-fide shipment and to permit of action being taken against defaulters.

The rubber industry has suffered heavily as a consequence of the present Emergency, both in respect of physical damage and the extraordinary expenses to which it has been put to take appropriate security measures.

By a separate cess also collected on all rubber at the time of export from the Federation, rubber growers maintain the Rubber Research Institute of Malaya which provides information on technical matters affecting the growing and manufacture of rubber. The produce of rubber holdings in Malaya is mainly manufactured into smoked-sheet but various grades of air dried crepe are also prepared and there is a growing export of concentrated liquid latex.

The production of concentrated latex in the Federation has increased from some 47,600 tons or 8.2% total rubber production in 1952 to approximately 111,290 tons or 17.5% in 1955, and is now, after ribbed smoked sheet, the most important form in which rubber is produced in the Federation.

The rubber market in Singapore, which is now recognised as the world's leading market, is efficiently organised for internal dealings in spot and forward contracts. The market operators consist of dealers, manufacturers' agents, speculators and brokers. The latter consist of guarantee brokers who guarantee the solvency of principals

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ference in commerce. A remarkable attitude in present-day Asia where the thinking is directed the other way. The Colonel is also behind the stiffening Government attitude towards labour. Hints are thrown out that disruptive strikes will be broken by Malay blacklegs, or even by force. The result may yet be to drive the present moderate union leadership into the arms of extremists.

The Tengku speaks confidently about the Communist rebellion. The seizure of power by armed force has long been averted. The rebellion drags on at the cost of M$8,500,000 a day, draining off funds from welfare and development projects and irritating the population with meaningless security restrictions. The Communist terrorists have long ceased to be an effective force. Only about 2,500 of them are left, compared with the 8,000-odd who took so confidently to the jungle eight years ago to begin shooting planters and policemen in the back. The Communists now have only one aim—to get back to ordinary life with the least loss of face. Two paths have been plotted by the fugitive High Command. One, the familiar route to power through infiltrated trade unions. They were the Communists' mainstay in the post-war days before their desperate jungle gamble. The other, through the old strategy of the Popular Front. Many politicians have been frozen out by the Alliance's landslide victory. If they can be crystallised into an opposition—and the Communists are offering a palatable enough platform—there might be a chance of challenging the Tengku's power.

either on F.O.B. or settlement house contracts both for nearby and forward sales. Contracts done on settlement house terms, i.e., when settlements are effected fortnightly, or more often if prices rise or fall beyond certain limits, are now practically non-existent. Another form of guarantee contract is now in operation whereby brokers become liable to the Singapore Chamber of Commerce Rubber Association clearing house for the collection and payment of differences. This method is cheaper than settlement house contracts and enables a much larger turnover to be effected.

Dealers operate on behalf of agents all over the world, chiefly in the London and New York markets, and in doing so they perform an important distribution function in space and time. Dealers also act, to some extent, as financiers, as they frequently buy from small village dealers and small producers when consumers are not in the market as buyers. They also pay advances on rubber consigned to their warehouse until it is sold by producers. Representatives of the larger American and U.K. manufacturers have offices and warehouses in Singapore where they buy a portion of their rubber requirements.

The interests of dealers, manufacturers' agents and brokers are watched over by the Singapore Chamber of Commerce Rubber Association who manage the affairs of the clearing house and who appoint arbitrators to act in all disputes. There is also a Chinese Rubber Trade Association in Penang and Singapore.

The smallholders replanting scheme, launched at the end of 1952, has made fairly satisfactory progress in the 18 months of effective operation. Minimum staff requirements in the several States and Settlements were not filled until towards the middle of 1953, by which date the best of the felling and cleaning season had passed. At the end of 1955 over 79,000 acres had actually been replanted by smallholders and work was continuing on several thousand acres which will be ready for replanting in 1956. This compares well with the 20,000 acres smallholdings actually replanted in the years 1947-1952.

Every encouragement is given to smallholders to replant with alternative crops where the land is suitable and included in the 79,000 acres above is over 6,000 acres replanted with alternative crops, mainly coffee, fruit, coconuts, padi and pines. The replanting organisation is now in a position to deal with any demand. Replanting from the smallholder's point of view requires a difficult decision to be made in that part or all of his income will disappear with the destruction of his old trees, bad as they may be, and in the first phases of replanting heavy labour or expenditure is required. The replanting staff spare no efforts to devise ways and means of easing the task and reducing costs.

In addition to the Smallholders' Replanting Scheme, a Government Replanting Scheme has been introduced as from 1955. Under this it is proposed to replant or new-plant some 420,000 acres—(21%) of the total planted area under estate rubber, over a period of seven years. Government grants of $400 per acre are given to estate owners in order to aid them in their replacement programmes. Grants payable are subject to a maximum of 21% of each owner's planted acreage. It is hoped that the rate of rejuvenation of estates will be enhanced as a result of this scheme.

Production (in tons)

Year	Estates	Smallholdings	Total
1946	173,515	229,692	403,207
1947	359,865	285,364	645,229
1948	402,907	294,071	696,978
1949	400,009	270,248	670,257
1950	375,853	316,732	692,585
1951	327,956	275,924	603,880
1952	341,078	241,571	582,469
1953	341,117	231,675	572,792
1954	342,806	240,230	583,036
1955	352,182	285,281	637,463

Pan-Malayan imports and exports of rubber during the same periods were:—

Pan-Malayan imports and exports (in tons)

Year	Gross exports	Gross imports	Net exports
1946	558,001	191,090	366,911
1947	953,303	313,699	639,604
1948	979,115	300,471	678,644
1949	899,212	220,141	679,071
1950	1,106,500	448,655	657,845
1951	1,155,277	547,107	608,170
1952	910,420	338,855	571,565
1953	847,213	277,533	569,680
1954	915,114	344,158	570,956
1955	994,176	362,300	631,876

HONGKONG NOTES AND REPORTS

Three-Storey Car Park

Government announced last week that a $1.15-million 3-storey car park would be built within the new Star Ferry concourse on the Central Reclamation. Architectural plans have been completed and piling will commence next March. The car park should be in operation by next October. It will have three parking levels and cars will enter and leave by means of ramps from an eastern approach road. There will be spaces for 420 cars.

Apart from the provision of car parking, the scheme includes a covered way for pedestrians from the ferry pier apron to Connaught Road Central. From this point a bridge will be built over the road and terminate near the north-eastern corner of the present Queen's Building. Facilities for vehicular traffic in the Concourse include alighting and boarding points for motor bus users on the approach road and there will be covered access to and from the ferry pier. Provision is made for a double taxi rank in a waiting bay on the eastern approach road opposite the entrance ramps to the 3-tiered car park.

Work has already commenced on the approach road which will be used as a temporary means of entrance and exit to and from the eastern leg of the new ferry pier which will be in operation next March. The covered way in front of this section of pier will be completed by then. With the car park, the total scheme will cost approximately $2 million.

Building Developments

Demolition of the old premises at the corner of Queen's Road Central and D'Aguilar Street started last week. A

$1.5 million 10-storey building will be erected on the site. At the corner of Queen's Road and Ice House Street, the old structure opposite Holland House has been pulled down to make room for the extension of Government Secretariat Building. Next to the proposed 3-storey car park on the Central Reclamation, Government will build the much-talked-about City Hall after the completion of the car park. The main entrance of the City Hall will face Queen's Pier. The Hall will consist of two blocks; the higher one will accommodate a library, museum, art gallery, lecture room etc. and the other block will house a concert hall, theatre, ballroom, marriage registry, etc. At the rear of the City Hall, a $20-million 30-storey sky-scraper will cover the site of the former 'Orient Building' and the land now occupied by the Butterfield & Swire Building.

Church buildings are also getting taller. The Baptist Church will build an eight-storey Church on Cameron Road adjacent to International Hotel. The new building will cost $750,000 and will take 8 months to complete. It will be in two sections. The front portion of 8-storeys will house offices, Sunday school class rooms, staff quarters and a bell tower. Above the social hall in the rear portion will be the Church Hall which will be 3-storeys high and will accommodate about 1,000.

During the period June-August, an average of $11 million per month were spent in private building constructions in the Colony. Compared with the same period last year there is a slight drop from the average investment of $14 million per month. The recent slow-down in building development on both sides of the Harbour was partly caused by the sharp increase in the cost of structural steels. The gradual decline in monthly rental for new flats also discouraged speculation in real estate.

Land Sales

Three more lots of land for industrial use at Kun Tong were auctioned week before last at following prices: 10,000 square feet at $18.70 per sq. ft., 10,000 square feet at $20.50, and 46,000 square feet at $12.20. Another 3 lots (20,000, 20,000 and 10,000 square feet) will be auctioned on October 8th. In the New Territories, 5 lots of Crown Land were auctioned: 1,050 square feet from Lantao Island at the upset price of $105; 15,000 square feet from Tsing Yi Island at $1,300 above the upset price of $3,000; 4,125 square feet from Cheung Chau at $4,700 (upset price $4,125); 36,500 square feet from Sai Kung at $24,100, twice above the upset price; and 12,860 square feet from Tseng Lan Shue at $39,100, topping the upset price of $13,000. Five more lots will be auctioned on October 18th: 4,000 square feet on Tsing Yi Island and 4 lots on Cheung Chau of sizes 3,300 sq ft, 3,625 sq ft, 1,000 sq ft and 6,000 sq ft.

Industrial Developments

The Cheoy Lee Shipyard launched a 1,280-ton cargo vessel, the Kyung Nam, ordered by a Korean firm. This vessel is the second of the three ships ordered by the same firm. The first vessel, the Gold Dragon, was launched earlier this year. The Kyung Nam is 198 feet overall in length and powered by one 1,000 h/p German "Dentz" diesel engine.

One plastic manufacturer is setting up a factory at North Point to produce box and reflex cameras for exports to UK, US, South America and Australia. Monthly production capacity will be 10,000 box cameras and 3,000 reflex cameras. The reflex camera will have a coated F3.5 lens and shutter of speeds B, 1/25th, 1/50th and 1/100th second. The market price will be about $75 each. The box camera will have a F8 compound lens and will be sold at about $16. Equipment and machinery will be imported from Japan and Germany. Lens blanks will also be imported from these two countries and ground, polished, coated and tested in HK.

Baking and custard powders and self-raising flour are now made locally from raw materials imported from UK and Canada. Production capacity at the present is insignificant. The factory is planning to utilize local raw materials and to expand its production. There are now 39 registered bakeries in HK and Kowloon using baking powder imported mostly from UK. One large bakery alone uses 120 tons of wheat flour every month.

As a result of the recent increase in the cost of metals from UK and other sources, local metalware works, particularly enamelware and aluminium ware factories, are finding it difficult to keep down their production costs. On the other hand, any increase in export prices affects the volume of export which has already declined recently on account of import restrictions in Indonesia and other SE Asian countries.

August Trade Controls

Imports of edible rice during August totalled 25,289 tons, giving a total of 193,820 tons for the period January to August. Main source of supply was Thailand with 15,629 tons (61.8 per cent), followed by China 4,401 tons (17.4) and Burma 5,259 tons (20.8). In the January-August period, 117,780 tons (60.8 per cent) were supplied by Thailand, 35,775 tons (18.4) by China, 30,395 tons (15.7) by Burma, 9,620 tons (5) by Pakistan and 250 tons (0.1 per cent) by other countries. Offtakes during August totalled 18,992 tons, representing weekly average of 4,748 tons as compared with 4,621 tons in preceding month and 4,240 tons in corresponding month of 1955. Bangkok f.o.b. prices fluctuated during August, the general trend being downwards in whole rice and upwards in broken rice.

Imports of frozen meat during August totalled 549 tons while offtakes amounted to 441 tons. A continuing shortage in fresh meat supplies was responsible for high rate of consumption of frozen meat.

A total of 11,736 tons of coal, comprising 10,280 tons from China and 1,456 tons from Japan, were imported. Stocks remained satisfactory.

24 saloon cars were exported to Mainland China. A number of licences were granted in conformity with COCOM procedures for the export to China of strategic-type commodities when evidence was produced that their enduse had no strategic significance.

Red Flags on October 1st

There appeared to be more red flags this year than last to mark the celebration of Communist China's National Day. The number, however, was only a fraction of the flags on display on October 1, 1950. Office buildings and homes which flew the red flags this year were either official Communist organizations, Red labour unions, firms which sell Red products or residences of those who work in Communist firms or banks. Not every home among this last group was enthusiastic; one home in particular, the home of the manager of a Communist bank, hung a small five star flag out of the kitchen window at the rear of the building. The rest of the city passed the day without any enthusiasm. Small groups of onlookers gathered to gaze at the lights at the Bank of China and other brightly lit buildings which house Communist banks. There was no five-star flag on the new building of the Chinese General Chamber of Commerce in spite of the fact that their chairman, Hui Pee-kok, and vice-chairman, Ko Cheuk-hung, were on the 35-man presidium of the Red celebrations.

HONGKONG AVIATION

Air Traffic in July, 1956

Points of Call	Departures Passengers	Departures Freight (Kilos)	Departures Mail (Kilos)	Arrivals Passengers	Arrivals Freight (Kilos)	Arrivals Mail (Kilos)
United Kingdom	98	7,517	3,311	232	9,970	7,289
Europe	131	4,339	1,099	137	5,546	1,007
Middle East	253	5,589	2,232	136	3,280	978
Calcutta	145	4,187	802	142	399	378
Rangoon	82	5,270	404	131	149	319
Bangkok	1,303	13,471	999	925	7,599	2,437
Cambodia, Laos & Vietnam	588	23,923	241	318	2,665	58
Singapore	523	14,267	5,991	490	2,683	2,918
Philippines	1,394	10,224	2,181	1,457	3,255	927
Australia	128	3,370	393	65	4,299	990
United States	263	7,547	3,218	124	4,128	2,981
Honolulu	126	862	103	57	215	95
Canada	207	361	559	60	568	214
Japan	1,416	4,909	18,170	1,659	8,780	3,693
Formosa	483	35,055	1,467	806	2,205	1,391
South Korea	70	5,625	420	84	179	213
Macau	1	4,564	—	—	—	—
Okinawa	54	5,596	76	66	437	—
Total	7,265	156,676	41,666	6,889	56,357	25,888
Direct Transit	939	17,747	—	939	17,747	—

Total Aircraft Departures = 312.
Total Aircraft Arrivals = 310.

HONGKONG SHIPPING

Ocean and River Steamers over 60 tons net Entering and Clearing the Port in July, 1956

	July Entered No.	July Entered Ton	July Cleared No.	July Cleared Ton	Jan.-July Entered No.	Jan.-July Entered Ton	Jan.-July Cleared No.	Jan.-July Cleared Ton
British	204	445,171	198	440,523	1,548	3,258,204	1,530	3,211,073
American	18	94,794	18	94,794	136	757,355	136	757,355
Burmese	1	2,845	1	2,845	4	11,380	3	8,535
Cambodian	1	557	1	557	6	3,342	6	3,342
Chinese	17	5,028	18	5,788	102	30,691	104	31,737
Danish	21	69,969	21	69,428	123	405,409	123	400,708
Dutch	19	81,007	19	78,369	132	563,851	131	557,993
Finnish	—	—	—	—	2	5,309	2	5,309
French	10	34,234	10	34,104	64	218,992	61	214,491
German	5	25,689	5	25,689	29	140,481	29	140,481
Indian	1	3,390	1	3,390	6	18,417	6	18,417
Indonesian	—	—	—	—	1	4,888	—	—
Italian	2	8,529	2	8,529	6	34,871	6	34,871
Japanese	39	104,080	39	104,844	230	671,257	229	668,586
Korean	4	6,683	4	6,683	15	18,136	16	18,178
Liberian	3	6,368	4	8,491	18	38,209	18	38,209
Norwegian	33	87,759	33	87,759	242	652,952	243	654,257
Pakistan	—	—	—	—	1	4,297	2	8,603
Panamanian	13	26,711	17	29,794	83	146,074	82	147,296
Philippine	3	6,148	3	6,148	18	40,176	16	37,713
Polish	—	—	—	—	1	2,835	1	2,835
Portuguese	—	—	—	—	4	18,507	4	18,507
Ryukyu	—	—	—	—	1	853	1	853
Swedish	7	20,939	7	20,939	52	160,824	52	160,824
Thailand	1	1,672	1	1,672	1	1,672	1	1,672
Turkish	—	—	—	—	1	2,291	1	2,291
Vietnamese	—	—	—	—	6	3,826	6	3,826
Yugoslavian	—	—	—	—	6	10,449	6	10,449
	402	1,031,573	402	1,030,346	2,838	7,225,548	2,815	7,158,411

FINANCE & COMMERCE

HONGKONG TRADE DEFICIT

Hongkong's Trade 1946-55

Year	Import	Export	Total	Balance of Trade
	(H.K.	Dollars	Millions)	
1946	933	766	1,699	— 168
1947	1,550	1,217	2,767	— 333
1948	2,078	1,583	3,660	— 495
1949	2,750	2,319	5,069	— 431
1950	3,788	3,716	7,503	— 72
1951	4,870	4,433	9,303	— 437
1952	3,779	2,899	6,678	— 880
1953	3,873	2,734	6,606	— 1,139
1954	3,435	2,417	5,852	— 1,018
1955	3,719	2,534	6,253	— 1,185

Index Numbers (1948=100)

Year	Import	Export	Total	Balance of Trade
1946	45	48	46	34
1947	75	77	76	67
1948	100	100	100	100
1949	132	146	138	87
1950	182	235	205	14
1951	234	280	254	88
1952	182	183	182	178
1953	186	173	180	230
1954	165	153	160	206
1955	179	160	171	239

Cargo Discharged and Loaded

(Tonnage)

Year	By sea	By railways	Total	Index of the total (1948=100)
1947	3,394,884	127,760	3,522,644	86
1948	4,011,144	86,884	4,098,028	100
1949	5,480,251	14,712	5,494,963	134
1950	6,763,176	342,963	7,106,139	173
1951	5,594,514	276,669	5,871,183	143
1952	4,860,211	225,659	5,085,870	124
1953	4,778,284	233,536	5,011,820	122
1954	5,066,259	119,236	5,185,495	126
1955	5,734,048	162,319	5,896,367	144

Trade deficit of last year (1955) of $1,185 million was largest on record, indicating high state prosperity. A considerable amount of exports is however not recorded and thus trade deficit actually is much smaller. Unrecorded exports include: smuggling of commodities to China, carrying of goods purchased by travellers (including the HK/China border trade) out of the Colony, illicit shipments to various F.E. destinations. 'Invisible exports' of HK are very great; British forces, US tourists, other tourists, overseas Chinese flight capital, other inward remittances, Chinese family remittances are enabling HK to finance a very much greater volume of imports. However there also is a regular outflow of capital for investment or hedging abroad. Additionally, there is the bullion trade which is not recorded except for import in transit for Macao. From this trade residents in HK derive profits which further permit imports of merchandise.

TAIWAN'S FOREIGN TRADE

For 1949 to 1955 and Jan./May 1956. In US$1,000.

Period		Exports	Imports	U.S. Aid Imports
1949		33,874	25,990	8,688
1950		93,074	91,618	20,545
1951		93,135	84,319	56,621
1952		119,527	115,225	80,062
1953		129,790	100,569	84,007
1954		97,755	110,217	87,840
1955		133,440	91,640	81,909
1956	Jan.	8,779	8,853	6,346
	Feb.	14,192	8,025	6,080
	Mar.	12,579	7,840	9,475
	Apr.	10,167	11,577	10,559
	May	11,259	12,123	8,951

HONGKONG EXCHANGE MARKETS

October 1st to 6th, 1956

U.S.$

Oct.	T.T. High	T.T. Low	Notes High	Notes Low
1	$619¼	619	617	616¼
2	619⅛	619	617¼	616⅜
3	617¾	617	615¼	613⅞
4	618¼	617½	615½	614½
5	619¾	619	616⅞	615½
6	620	619¼	617⅛	616

D.D. rates: High 618, Low 615.

Trading totals: T.T. US$2,600,000; Notes cash US$730,000, forward US$2,050,000; D.D. US$385,000. The market was uncertain but fluctuations were narrower because cross rates in New York were not much changed, hovering around 2.60. Taking advantage of the bigger separation between T.T. and Notes rates, shippers were buying notes to ship them in bulk to the U.S. In the T.T. sector, usual sales from Korea, Japan and the Philippines were absorbed by general and gold importers. In the Notes market, heavy demands reduced the stock slightly, for incoming notes from Japan and Korea were plentiful. Interest favoured sellers and aggregated $7.25 per US$1,000, and speculative positions taken averaged US$2½ million per day. In the D.D. sector, the market was quiet.

Yen: No trading was recorded in fictitious forward market, but interest fixed in favour of buyers and aggregated $7.21 per Yen 100,000. Cash quotations were $1,487—1,470 per Yen 100,000.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK$: Philippines 1.835—1.815, Japan 0.014725—0.01455, Malaya 1.874, Vietnam 0.0606, Thailand 0.2808—0.279. Sales: Pesos 360,000, Yen 107 million, Malayan $350,000, Piastre 12 million, and Baht 6 million.

Agreed Merchant T.T. rates: Selling rates per foreign currency unit in HK$: South Africa 16.236, Switzerland 1.333, Belgium 0.117, West Germany 1.389. Selling and buying rates per foreign currency unit in HK$: England 16.202—16.10, Australia 13.016—12.757, New Zealand 16.202—15.867, United States 5.839—5.755, Canada 5.97—5.882, India 1.216—1.205, Pakistan 1.218—1.204, Ceylon 1.219—1.207, Burma 1.216—1.205, Malaya 1.889—1.871.

Chinese Exchange: People's Bank Yuan notes quoted at $1.50 per Yuan. Taiwan Bank Dollar notes quoted at $188—185 per thousand, and remittances at 164—162.

Bank Notes: Highest and lowest rates per foreign currency unit in HK$: England 16.04—15.97, Australia 12.75, New Zealand 14.25—14.15, Egypt 12.50, South Africa 15.95—15.85, India 1.1875—1.185, Pakistan 0.90, Ceylon 0.99, Burma 0.475, Malaya 1.84, Canada 6.28—6.27, Cuba 4.80, Philippines 1.99—1.9875, Switzerland 1.39, West Germany 1.39, Italy 0.0095, Belgium 0.105, Sweden 1.00, Norway 0.70, Denmark 0.77, Netherlands 1.43, France 0.01515—0.01495, Vietnam 0.065—0.0625, Laos 0.072—0.0705, Cambodia 0.083—0.081, North Borneo 1.50, Indonesia 0.1785—0.1765, Thailand 0.273; Macau 1.002—0.996.

Gold Market

Oct.	High .945	Low .945	Macau .99
1	$267⅞	267	
2	267¾	267⅛	
3	267	266	Low 275¾
4	267	266½	
5	267⅞	267	277½ High
6	267⅝	267¼	

The opening and closing prices were 267¼ and 267⅝, and the highest and lowest 267⅞ and 266. The market was rather quiet, and speculators were bullish but they hesitated in taking up positions due to the heavy stock. Interest for change over favoured sellers and aggregated $2.40 per 10 taels of .945 fine. Tradings averaged 8,200 taels per day and amounted to 49,200 taels for the week, in which 17,180 taels were cash transactions (2,880 taels listed and 14,300 taels arranged). Positions taken by speculators averaged 25,800 taels per day. Imports were all from Macau and totalled 13,000 taels. One shipment of 32,000 fine ounces arrived in Macau in the week. Exports amounted to 12,000 taels (6,000 to Singapore, 4,500 to Indonesia, and 1,500 to Rangoon). Differences paid for local and Macau .99 fine were $14.00 and 12.40—12.00 respectively

per tael of .945 fine. Cross rates were US$37.86—37.84 per fine ounce, while contracts for 24,000 fine ounces were concluded at 37.85 C.I.F. Macau. US double eagle old and new coins quoted at $275—271 and 228—227 respectively per coin and Mexican gold coins at $284.50—283.50 per coin.

Silver Market: Rates improved somewhat on inquiries by exporters but market remained quiet due to the small stock. 1,000 taels of bar silver were traded at $6.03—5.95 per tael; 1,500 dollar coins at $3.95—3.85 per coin; 1,600 20 cent coins at $3.02—2.95 per 5 coins.

Money and Markets: Money continues easy and interest rates for private loans are on the downgrade. Capital for almost any venture is available but more caution is exercised in view of many recent failures and unsound practices by entrepreneurs. The speculation about Hongkong's security or otherwise is present in all business discussions and has some effect on long-range investment. The attitude of Peking is always watched for clues as to next moves by communists; one does not expect any true proof of cooperation—the opposite, in fact. The reaction of Peking over the Suez question, while not important in the context of world affairs, is once again an indication of the close, obedient following by Peking of Moscow's policies. London can only expect further anti-British statements and harangues by Peking. The "dark cloud" from Peking is always visible. Planning for business expansion has to be carried on under the shadow of this "cloud".

The bullion market is very active these weeks with local and export demand firm and prices encouraging speculation. Far Eastern take-off continues strong and interceptions and seizures are practically nil. Some local hoarding of gold has been going on for several weeks now probably induced by rumours and a certain sense of uneasiness following the Suez crisis. The US$ market has also been buoyant. Due to the constant and at times heavy import of US funds (in all forms including deposits in New York) the local free market rate did not rise more, and has on the whole kept to the New York quotation. Import of US$ funds from Korea, Japan, Thailand, Vietnam, Laos, Okinawa was usually substantial. Another reason for stable US$ rate here was continuing profit-taking by speculators who seem to have little confidence in a high TT New York rate but prefer to earn a little while the earning may be made. Purchases by gold and general importers of US$ remain strong and speculative buying including hoarding has also remained at high level. There is always some nervousness about sterling; this does some harm to British prestige as well. The unofficial US$/£ rate is too low and until it comes up again to 2.70 or a little over, a feeling of nervousness about the position of sterling will only be natural. Obviously it is all in the power of Washington to correct the position and it should be done without further delay.

HONGKONG SHARE MARKET

October 1-5, 1956

Despite the general belief that there would be no war over Suez, trading at the beginning of last week was slow with most popular shares barely steady at the closing rates of the previous week. Market sentiment changed suddenly on Thursday when Wheelock Marden & Company reported a profit of around $8 million (1954/55 was only $3.7 m) and announced a dividend of 50 cents, a bonus of 25 cents, a bonus issue of one share for every 10 shares held, and a new issue of one share (at $5 each) for every 4 shares held. The dividend announcement took the market by surprise; there had only been hopes for an increased dividend. The Company made a bonus issue instead of increasing the dividend to conserve cash. Most investors, however, were satisfied with the distribution and for two days, demand for Wheelocks was very strong boosting the daily turnover to $3.36 m. on Friday—the record for this year. About 40% of the $5 m. worth of business concluded in two days were transactions in Wheelocks. Quotation reached 9.20 but profit-taking depressed it to 9.05 and closed firm at 9.10 on Friday. This rush for Wheelocks, somehow, stimulated transactions in other shares and it was rumoured that local Chinese banks, which had liquidated their holdings last month, returned to the market as buyers. Brokers also absorbed heavily since mid-September when shares were at very attractive prices.

HK Banks firmed to 1635 with sellers pushing offers up to 1645 but buyers forced it to 1630 at the close. HK Wharves registered a gradual increase of buying offers from 93 to 94 but sellers wanted 95; 50 shares changed hands at 94.50. Docks and Providents also improved towards week-end. Lands gained 50 cents but profit-taking forced it back to 64.50. Hotels were popular throughout the week and advanced from 15.30 to 15.60. Star Ferries registered no transactions but quotations were firm at 145 while buyers increased their offers from 139 to 141. Yaumatis and other Utilities retained steady demand throughout the week; closing rates were better than those for the previous week. Cements and Watsons registered improvements while shares of investment companies and cotton mills attracted more demand than during the previous week.

Monday: Trading was on a light scale; the turnover amounted to $530,000. **Tuesday:** The market was slow and the turnover amounted to $730,000. **Wednesday:** The market ruled steady and the turnover amounted to $507,000. **Thursday:** There was some brisk trading in Wheelocks. The turnover amounted to $1,730,000. **Friday:** Brighter conditions prevailed and the turnover showed considerable improvement amounting to $3,360,000, a record for 1956. Wheelocks were again the most active counter with approximately 170,000 shares changing hands. The undertone at the close was firm.

DIVIDENDS

The Yangtsze Finance Co. Ltd. decided to pay a dividend of 70 cents a share in respect of the year ended March 31, 1956.

The Shanghai Loan & Investment Co. Ltd. announced a dividend of 20

Shares	Sept. 28	Last Week's Rates			Ups and Downs
		Highest	Lowest	Closing	
HK Bank	1630	1635	1630	1630	firm
Union Ins.	1010 s	1005	1000	1010 s	steady
Wheelock	9.10	9.20	9.05	9.10	firm
HK Wharf	93 b	95 s	93 b	94.50	+$1.50
HK Dock	43.50	43.75	43	43.75	+25¢
Provident	13.90	14.10	13.80 b	14.10	+20¢
HK Land	64.50	65	63.50	64.50	firm
Realty	1.45 b	1.475	1.45 b	1.45 b	firm
Hotel	15.40	15.60	15.30	15.60	+20¢
Trams	23.70	24 s	23.70	23.70 b	firm
Star Ferry	139 b	145 s	139 b	141 b	+$2
Yaumati	111	113 s	111	112	+$1
Light (f.p.)	24.80	25.10	24.70	25.10	+30¢
Light (1949)	24.20 s	24.50	24	24.50	+30¢
Electric	31.25	32.25	31.25	32	+75¢
Telephone (o)	24.90	25.30	24.80	25.30	+40¢
Telephone (n)	23.90	24.10	24	24.10	+20¢
Cement	37	38.50	37	38.50	+$1.50
Dairy Farm	16.20	16.10	16	XD 15.70 b	steady
Watson	13.90 s	14.40	13.70	14.40	+50¢
Yangtsze	6.70 b	6.80	6.75	6.80	+10¢
Allied Invest.	5.10 s	5.05	5	5.05	steady
HK & FE Invest. ..	10.40 s	10.40 n	10.40 n	10.40 n	quiet
Amal. Rubber	1.475	1.50	1.475	1.475	steady
Textile	4.50 b	4.55	4.50 b	4.50 b	steady
Nanyang	7.40	7.70	7.45	7.70	+30¢

cents a share in respect of the year ended March 31, 1956.

Wheelock Marden & Company announced a dividend of fifty cents, bonus of twenty-five cents and a proposed bonus issue of one new share for every ten held, and a new issue of one new share at par $5 for every four held in respect of the existing capital of four million shares.

SINGAPORE SHARE MARKET

(Sept. 22-28, 1956)

Increased activity and a consequent improvement in the total volume of business featured Malayan markets. Industrials remained steady, Tins after easing closed firm and enquiry for Rubbers widened as a result of the better commodity price.

In the Industrial market the most outstanding movement was in Hammer & Co. with a rise from $2.85 to $3.07½, which is attributed to a belief in some quarters that a bonus issue is just around the corner. However, during the last few weeks, the rumour of a bonus issue raised Sime Darby, and although it has failed to materialise, the final dividend of 14% declared yesterday makes a total for the year of 5% more than the previous, and has gone a long way to satisfy the bonus issue optimists. Malayan Collieries is another counter which has attracted speculative attention, the theory being that a capital return is justified, but the speculators appear to have lost faith as a wave of selling forced the shares back from $1.17 to $1.11. Straits Traders closed at $25½, Henry Waugh at $1.47½ buyers, and Fraser & Neave were in demand at $2.08 cum 17%. Malayan Cement which had been taken to $1.82½ by London buying fell off to $1.75 sellers and United Engineers which touched $8.40 met increased offerings and closed at $8.25.

Fraser & Neave advanced to $2.08 on the report for year to June 30th. Batu Selangor with business at 62½ cents showed a gain of 20 cents for no reason except the possibility of liquidation; Petalings had buyers at $3.27½ and Sungei Way, in anticipation of a much higher output, jumped to $3.65. Lower Perak recovered to 16/- x.c.r. buyers and Austral Amalgamated after falling to 17/10½ closed buyers at 18/1½.

Telok Anson was highlighted with a jump from $1.52½ to $1.70 on a rumour that part of the estate had been sold, London accepted Linggi Plantations at 3/11 and Malacca Rubber Estates at 15/3. Borelli had buyers at $2.55, Parit Perak at $1.85 and Kluang at $1.16 cum, 20%.

HONGKONG AND FAR EASTERN TRADE IN SEPTEMBER

Hongkong trade figures for September dropped slightly from those for August. Imports at $338,631,520 were $46.7 million lower and exports at $251,266,720 were $14.9 m. less. Tonnages also declined: cargoes discharged totalling 260,830 tons were 48,692 tons under and cargoes loaded totalling 142,426 tons were 20,381 below the respective figures for the previous month. This decline from August, however, does not represent the deterioration of HK's foreign trade. August records were out of perspective on account of the rush of shipments to and from Europe, US, UK and Japan during that month before the increase in freight rates on September 1. As a matter of fact, September figures were better than those for the same period last year: imports were $31.7 m. more and exports $26.3 m. higher.

As a result of the heavy imports during August, local godowns enjoyed more business last month. Demand for storage spaces further improved during September when South East Asia sent here more staples. Storage charges for sundry goods are now about $2.60 per ton; for paper and cotton yarn, $2.50 per bale.

Booking of indents from Europe and UK was slow at the beginning of the month on account of the Suez crisis but when it appeared that there would be no war over Suez and when Japan, Korea, SE Asia and even China turned to the local market for various supplies, dealers here cabled UK, European, Japanese, American and other manufacturers for replenishments including metals from Belgium and France; paper from Japan, US, Italy and Scandinavian countries; woollen and cotton textiles from UK, Europe, US and Japan; and Xmas goods from US, UK, Germany and Japan.

Freight charges and insurance rates also followed the development of the Suez crisis. On September 17, Far East Conference Lines announced a 15% increase in freight charges for shipments between Europe (including UK) and the Far East. Towards end of month, the 15% surcharge was suspended because there had been no serious delays for ships to pass through the Suez Canal. London underwriters first increased the insurance rates covering war, strike, riots and civil commotion on Suez Canal cargoes from 9d to 5s 9d but later lowered it to 3s 3d per £100. Rates for shipments to, from, or transhipped at Egyptian ports went up from 2s to 7s but later reduced to 4s 6d per £100.

During the month, Government lifted export ban on brass, butter, gunny bags and sulphur. Exports of brass and sulphur, however, are still restricted. Beginning November 1 1956, exemption of import duty on proprietary medicines will only be considered by Government in respect of items which by law must be sold against a doctor's prescription. Tourist comprehensive certificates of origin for HK goods to US are now issued to tourists to cover purchases up to a maximum value of HK$1,500. HK manufactured camphor tablets can now be shipped to US if covered by comprehensive certificates of origin.

China Trade: After Singapore and Malayan businessmen had bought substantial quantities of Chinese textiles, cement and rice, Peking finally ordered 2,000 tons rubber from Singapore and 1,000 tons from Malaya. Towards month-end, another 3,000 tons rubber were under negotiation. Other commodities under negotiation were Chinese soya bean, canned goods, foodstuff, sugar, silk, glassware, steel bar, handicrafts and other light industrial products in exchange for coconut oil, copra, timber, tin and spices from Singapore and Malaya. Contracts concluded between Japanese businessmen and Peking officials included Japan's purchases of 550,000 tons Kailan coal, £15,000 worth animal hides and China's orders for 30,000 pounds rayon, £9,000 worth fishing equipment, 800 heavy motorcycle trucks, 500 tons steel wire rope and large quantities of galvanized iron sheet, tinplate and other steel products. To Egypt, Peking sent its vice minister of foreign trade to renew the trade protocol signed last year. Peking assured Cairo that China would supply food products to Egypt against payments in Egyptian pounds. Peking will also send a mission to Colombo to renew the 1951 rubber/rice agreement. Previously, Ceylon sent missions to Peking every year to renew the agreement. From Brazil, China bought 6,500 tons raw cotton; payment will be made in pound sterling. China also enquired for Brazilian coffee and cocoa. From a visiting Australian businessman Chinese trade officials bought 100 bales scoured and fleeced wool at £132 per bale. The Australian left China with samples of Chinese silk, piece goods, woodoil and carpets. Peking's shipments to the local market last month included about 5,400 tons coal and 2,000 tons oil seeds and beans. From here, China made selective purchases of metals, pharmaceuticals and industrial chemicals. These developments, however, do not represent a change in the pattern of trade with China. Foodstuff and light industrial products are still the principal imports from China. Peking prefers to obtain her imports direct from production sources; however, if any particular item is cheaper in the local market, she grabs it without hesitation.

Japan Trade: Japan's trade with China in September totalled £5.3 m. both ways, £500,000 better than

August. Tokyo negotiated with free nations particularly with US for more liberal application of the 'exceptions procedure' in exports to China. A 7-fold increase in trade will be proposed by the Japanese trade mission shortly to visit Peking to negotiate a new trade agreement. The new agreement will call for an exchange of £200 million worth of goods between the two countries in five years from now as compared to only £30 million provided as the value of the annual trade volume each way. Certain new kinds of machinery and construction materials greatly in demand in China for its second 5-year plan and which can be exported to China by the application of 'exceptions procedure' will be offered to Peking. A private Japanese group will set up an industrial technology centre in Peking to help China's second 5-year plan and to promote exports of Japanese industrial equipment and supplies. Japanese products exhibitions will be held in Peking and Shanghai while Japanese shipping firms will place more ships on the China route to handle the increasing volume of direct shipments between the two countries. From Egypt, Japan received enquiries for electric appliances and supplies, railway equipment, drugs and medical supplies. Japanese businessmen want their government to stay away from the Suez dispute so that they could concentrate on trade. Meanwhile, Japan's export promotion in SE Asia gathered momentum. The Japan Machinery Export Association is re-fitting the 8,800-ton Nissho Maru into a floating exhibition for displaying Japanese machinery. The ship will call at Saigon, Bangkok, Rangoon, Colombo, Bombay, Karachi, Singapore, Djakarta, and Manila at end of this year. From the local market, Japan bought about 10,000 tons of steel products and substantial quantities of oil seeds and beans. The purchase of steel from here constituted only a small percentage of Japan's scheduled imports of about 600,000 tons of steel products from world-wide sources. Tokyo reported that domestic industries—especially the shipbuilding and machinery industries—were consuming increasingly larger quantities of steel to meet rising demands of their products. Japanese steel makers fear that they will lose important export markets especially in SE Asia in view of the sharp drop in steel exports in recent months which in September dropped to the record low figure of less than 60,000 tons. Japan's steel exports this year will fall down to about 1 million tons which is far below the originally fixed goal of 1.87 million tons. This explains Japan's anxiety to get iron ore and pig iron from China. HK's imports from Japan remained heavy and consisted chiefly of cement, rayon and fibre yarn, cotton and woollen textiles, woollen knitting yarn, sundries and paper. During mid-September, local dealers booked heavily from Japan on account of the increase in HK-Europe freight charges and the possible delay in future shipments from Europe via Suez or around Cape of Good Hope.

Trade with UK and Europe: Large quantities of metals, fertilizers and other supplies continued to reach here from UK and Europe but compared with August, imports from these two sources were slower last month. Dealers here wanted to buy more metals and paper from UK and Europe but new indents were handicapped by the marked-up freight charges and the uncertain Suez situation during the first half month. Trade improved towards end of month but the volume of new orders was restricted by increased indents and remote shipment dates. Exports to Europe were affected by the increasing volume of China's direct exports to West Europe and the short supply situation in the local market. Some Chinese staples were shipped here from Europe to meet the demand from Japan. Exports of HK manufactures, particularly cotton textiles, to UK remained heavy in spite of the continual complaints from cotton exporters and manufacturers there. The exhibition of HK products in Frankfurt attracted many enquiries and factories here are expecting more orders from Germany and other European countries before year-end.

Trade with US: Suez crisis had no effect on HK-US trade. Imports from US totalled 5,000 tons and exports exceeded 2,500 tons. Metals, fruits, flour, canned food, electric appliances, textiles, and industrial chemicals constituted the major portion of imports from US. Dealers here wanted to buy more newsprints and other paper from US but there were only a few indent offers from US. Booking of new indents, particularly of Xmas goods, was slightly affected by the high US dollar rates in the local exchange market. Exports to US consisted chiefly of HK manufactured torch, rattan furnitures, gloves, toys, firecrackers and textiles. Substantial quantities of cotton waste and a considerable number of camphor wood chests were also shipped to US. However, HK still imported far much more American goods than US bought from here. HK is able to balance the US dollar deficit by earnings from the invisible trade.

Indonesia Trade: Djakarta reduced the import duty on essential supplies and increased the surtax on non-essential imports including cotton piece goods and wheat flour. A limited number of essential imports including newsprint and fertilizer, were exempted from duty. Djakarta also encouraged exports of staples; over 4,000 tons brown sugar, and 1,000 tons rattan and other staples reached here during the month. Exports to Djakarta were also active and included large quantities of HK manufactured textiles, enamelware, knitwear, vacuum flask, fishing net, plastic goods, hurricane lantern and rainwear. Under the arrangements made between HK representatives and Djakarta officials, purchases of HK cotton textiles will be made by individual importers in Indonesia but the total amount must not exceed US$3.5 million; for such exports, HK mills will get from Djakarta, purchase authorizations (P/As) with which local mills can buy cotton from US. Demand from Indonesia for Japanese products remained strong but dealers here experienced difficulty in getting L/Cs from Djakarta for previous orders booked from Japan on behalf of Indonesian importers.

Thailand Trade: Cargo movements between HK and Bangkok were heavy throughout the month. Principal imports from Thailand were 10,000 tons rice, 1,000 head live cattle, 11,200 bags maize, and large quantities of timber, sesame, green pea, groundnut kernel and oil, and starch. Exports amounted to over 12,000 tons and principal items were: HK manufactured knitwear, textiles, wheat flour and enamelware; Chinese window glass, paper, foodstuff, wire nail, medicinal herb, garlic and other staples; Japanese cotton blankets, paper and pharmaceuticals; and Taiwan sugar. Responding to Taipei's efforts in promoting Taiwan-Thailand trade, Bangkok suggested that Taiwan should buy Chinese staples from Thailand. Only recently, Bangkok had strongly denied that there was any direct trade between China and Thailand.

Korea Trade: Korea's ICA imports for the 6-month period beginning October 1 will total $60.7 million; principal items will be industrial chemicals, cotton yarn, newsprint and other paper, steel and pharmaceuticals. Korea's demand for paper from the local market remained keen throughout the month. Several thousands of reams of various kinds of paper were bought from here but towards month-end, purchases slowed down on account of (1) dwindled stocks, (2) increased prices, (3) Seoul's delay in allocating foreign exchange for L/Cs to cover previous orders, and (4) Seoul's imports of newsprint and other paper from Japan. Demand from Korea also covered rayon yarn, woollen yarn, woollen piece goods, cotton textiles, white shirting, black plate, torch and other HK manufactures. There were indications that Seoul might buy more from Japan in the future, particularly imports financed with ICA funds.

Singapore & Malaya: Businessmen in Singapore and Malaya were disappointed at China's purchase of 6,000 tons of rubber; they had offered to supply 100,000 tons a year. Meanwhile, pro-Taiwan businessmen there were organizing an unofficial Singapore-Malaya trade mission to Taiwan which will leave for Taipei in October. HK-

Singapore/Malaya trade remained active. Foodstuff, sundries, textiles, enamelware, paint, medicinal herb, plastic goods, wheat flour, felt hat and joss stick constituted the major portion of exports to Singapore and Penang. Principal imports from these two ports were charcoal, firewood, tin ingot, used tyres and rubber.

The Philippines: Manila tightened control on imports to prevent imports of Communist goods via HK. It is, however, almost impossible to differentiate Taiwan garlic from Chinese garlic and HK vermicelli from that produced in North China. The most apparent result is the cut in HK exports of these items to Manila. Shipments from here to the Philippines last month consisted chiefly of cotton textiles, knitwear and other HK manufactures against imports of Philippine staples including groundnut kernel, sugar and rice bran.

Cambodia, Laos and Vietnam: Cambodia increased exports to the local market. Principal items included maize, duck feather, scrap iron, hemp seed, lotus seed and live cattle. This enabled Phnompenh to buy more from HK. Exports to Cambodia consisted chiefly of garlic, textiles, medicinal herb, wheat flour, enamelware, paper, electric appliances and industrial chemicals. These shipments included consignments to Laos transhipped via Cambodia. South Vietnam still restricted purchases from here with ICA funds to HK manufactured wheat flour, sugar and cotton yarn. Importers there also bought Japanese paper with self-provided foreign exchange and bartered for Chinese medicinal herb with Vietnamese staples. Development of HK-Vietnam trade is full of difficulties because Saigon is prohibiting foreign nationals there from carrying on business in a number of trades and commodities. The new order, which gives foreigners one year to wind up such business, particularly affects Indian and Chinese communities most of them in retail trade and have HK connections. HK trade with North Vietnam dwindled to an insignificant volume. With India, North Vietnam signed a 3-year trade agreement under which India will supply electric appliances, agricultural equipment, cotton piecegoods, oil, tea and leather. North Vietnam, in return, will export livestock, timber, cement and limestone to India.

Taiwan Trade: Taiwan sold to Japan 225,000 tons salt at US$10 per ton cif, 250,000 tons sugar, US$2 million worth of canned pineapple and 100,000 tons rice. From Japan, Taiwan will buy 400,000 tons fertilizer. Taiwan will also export salt to the Philippines, Ryukyus, Borneo and Hongkong. Exports next year will total US$33 m.; principal items will be lumber, yarn, aluminum, sewing machines, bicycles and paper. To promote exports to SE Asia, Taipei will hold exhibitions of Taiwan products in Saigon, Bangkok, Phnompenh, Vientiane and Singapore. Exhibits will include bicycle, sewing machine, cosmetics, textiles and aluminum ware. The volume of HK-Taiwan trade remained small but cargo movements last month were active. Imports from Taiwan consisted chiefly of live hogs, fresh ginger, tea, camphor tablets, feathers, citronella oil, canned food, sugar and fruits. Exports to Taiwan included industrial chemicals, dyestuff, metals, machinery, medicinal herb, pharmaceuticals and photo supplies.

Burma Trade: As a result of Burma's increasing volume of direct trade with China, exports from here to Rangoon were limited to old newspapers, empty bottles, wheat flour, transparent cellulose paper and foodstuff. Imports of rice from Burma were insignificant when compared with rice imports from Thailand.

Ceylon Trade: Colombo sent here orders for China produce and HK manufactured shirts, buttons, underwear, bra and enamelware. Due to the shortage of shipping space, consignments were always delayed discouraging importers there from making heavy purchases from here.

India and Pakistan: Indian yarn and cotton were too high in cost to interest local dealers especially when Pakistan was offering cotton and yarn to HK at very competitive prices. In the local market, India was very keen in Chinese green pea and cassia lignea as well as HK torch and shirts. Pakistan's purchases from here included refractory blocks, torch, enamelware, and knitwear.

Africa Trade: Exports of HK manufactures to African markets remained active particularly to West and East African ports. Principal exports were enamelware, textiles, plastic products, hurricane lantern, vacuum flask and cement. Imports from Africa consisted chiefly of raw cotton from East Africa and staples such as groundnut kernel and oil, wool top, leather and canned food from South Africa. D/P shipments to West Africa were discouraged by local banks because recently many importers there did not redeem their bills promptly after the arrival of consignments.

Okinawa: Demand from Okinawa for underwear, shirt, raincoat, paint, electric appliances, torch, rubber footwear, toilet articles, and confectionery remained steady. There were also orders for wheat flour, cement, structural steel and iron pipes but quantities involved were usually small.

Australia Trade: Imports from Australia consisted chiefly of frozen meat, wheat flour, fruits, dairy products and wool tops. Wearing apparel, textiles, rattan ware, vacuum flask, plastic goods, gloves and other HK manufactures constituted the major portion of HK exports to Australia. Toward month-end, the Australian/Eastern shipping Conference announced that beginning November 1, freight rates for cargoes from Australia to HK and Japan would be raised by 10/12.5% and for shipments from Japan and HK to Australia up by 12.5%; this hike was the result of increased operation cost according to the announcement.

China Produce: Under strong demand from Japan for oil seeds and beans, local dealers imported at high cost substantial quantities of sesame, mustard seed, groundnut kernel and beans from China in addition to supplies from Thailand, Cambodia and other SE Asian countries. Towards month-end, stocks of these items were still short in the local market while Peking again suspended such exports to HK. Demand from Europe for China produce slowed down on account of short stock here and the increasing volume of direct trade between China and West Europe. One French firm bought from Peking £200,000 worth of agricultural products which will be shipped direct to Europe over a period of 12 months. If Japan succeeds in increasing her trade with China, exports of China produce from here to Japan will decline. Meanwhile, the local China produce market was not only stimulated by Japan's demand for oil seeds and beans but also kept buoyant by orders from India for cassia lignea, realgar, and green pea; from Singapore and Malaya for groundnut kernel, gypsum, talcum, garlic, dried chilli, soya bean and green pea; from Taiwan for aniseed star, bitter almond and talcum; from Ceylon for camphor tablets, red bean, green pea and dried chilli; from Thailand for camphor tablets, rosin, gypsum, and garlic; from Indonesia for cassia lignea, rosin, garlic and dried chilli; from Africa for bee wax, honey, tea, and camphor tablets; from Cambodia for raw silk, gypsum, talcum, garlic and dried chilli; from Australia for woodoil and from New Zealand for camphor oil.

Metals: Large consignments arrived from U.S., U.K. and Europe but strong demand from Japan and China exhausted all available supplies of steel bars and plates and stimulated prices to new highs; even January 1957 forwards were taken up by speculators. China therefore stopped buying these two items and switched to steel box strapping, black plate, galvanized iron pipe, hacksaw blade, tool bits and steel wire rope. Japan, however, stuck to steel bars, plates and scrap iron. Dealers here were unable to get enough indent offers from UK, and Europe, particularly offers for early delivery, because Japan was also buying direct from these sources; towards month-end, earliest shipments offered by European suppliers were February forwards. Imports from Europe were further handicapped

by the increased freight rate for steel products from 95 s to 150 s per ton beginning October 1, 1956. There will be another increase in freight rate next January; cost of replenishments from Europe will be higher next year. Speculators therefore shipped steel plate and bars back from Singapore but this was soon stopped when Singapore authorities prohibited such shipments. At the end of last month the local metal market remained very buoyant on short stock, increased indents and unsatisfied demand from Japan. Demand from SE Asia for Chinese wire nails remained strong but supply from the mainland curtailed.

Paper: Korea's purchases dominated the local market throughout the month particularly in newsprint, woodfree, transparent cellulose and packing paper. Dealers here booked newsprints from Rumania, Austria and Scandinavian countries; supply from US was difficult to get. Imports from Japan were much reduced because Japanese mills were heavily committed to orders from China, Korea and SE Asia. Peking also cut paper exports to the local market. Replenishments from Europe were handicapped by remote shipment date and advanced cost. Towards month-end, importers in Korea slowed down purchases because authorities there were slow in granting foreign exchange for L/Cs to cover various orders. There were indications that Korea might increase her paper imports from Japan. Demand from SE Asia included orders from Thailand for newsprints, woodfree, poster, kraft, m.g. cap, manifold, tissue, glassine and aluminum foil; from Indonesia for woodfree, kraft and glassine; from Cambodia and Vietnam for woodfree, kraft, manifold, tissue, transparent cellulose paper and duplex board.

Industrial Chemicals: Demand from Korea, Taiwan and SE Asia was selective; transactions were also handicapped by short stock of some items and low buying offers from these sources. Towards month-end Cambodia made many purchases but the quantities involved were small. China bought from Europe through local firms caustic soda, soda ash, lithopone and glycerine. These purchases were unexpected because during the past year China had been exporting these items to the local market at prices much cheaper than Peking's present imports from Europe. Business concluded last month included Cambodia's purchase of caustic soda, shellac, gum arabic, sulphuric acid, lithopone, zinc oxide, ammonium bicarbonate, sodium sulphide, sodium hydrosulphate, chrome alum and ultramarine blue; Thailand's order for gum arabic, sulphuric acid, zinc chloride and chlorate of potash; Taiwan's demand for shellac, stearic acid, carbolic acid, zinc oxide, ammonium bicarbonate, ferrous oxide and chlorate of potash; and Korea's interest in sulphuric acid, gum copal and gum damar.

Pharmaceuticals: China purchased from here 5,000 vials dihydrostreptomycin, 1,000 pounds sulfadiazine powder, 400 kilos caffeine alkaloid and some aspirin, phenacetin and pyramidone. Through local firms, China also booked 9 million vials penicillin crystalline procaine of 400,000 units from UK and substantial quantities of antipyrin and amidopyrin from Germany. Thailand, Indonesia, Singapore, Vietnam, Cambodia and Taiwan also made selective purchases including quinine powder, dihydrostreptomycin, penicillin preparations, isoniazide powder and tablets, sulfonamides, santonin crystal, potassium iodide, caffeine alkaloid, caffeine sodium benzoate, caffeine citrate and lyzol solution. Towards month-end, the cool weather stimulated local demand for cod liver oil, liver extract injection and vitamine B1 powder.

Cotton Yarn: HK yarn enjoyed strong local demand and orders from Indonesia, UK and Cambodia after prices were marked down under keen competition from Pakistan products. Trading in Pakistan yarn slowed down and prices for 20's further dropped by $15 per bale. Japanese yarn was favoured by local weavers and Thailand; prices remained firm throughout the month. Indian yarn was sluggish.

Cotton Piece Goods: Weaving mills here now have enough orders from UK for grey cloth and from Thailand for coloured cloth to keep their looms busy till year-end. On account of the marked-down price for yarn, weavers here cut export prices of their cloth to attract more orders. As a result, Indonesia was very keen in HK cloth in her purchases of textiles from the local market. Speculators who had bought Chinese grey in expectation of orders from Indonesia were forced to liquidate their hoardings forcing prices down in the local market. Japanese grey and white shirting retained steady local demand.

Rice: Under heavy arrivals from Thailand the local rice market remained sluggish particularly when Thai indents were marked-down while local demand failed to improve. Chinese rice, however, remained firm on short stock.

Wheat Flour: HK products were marked up when US and Canadian wheat advanced in cost and Australian wheat became more expensive on account of increased freight rate. Imported brands were also firm: Canadian indents were marked-up; US flour stimulated by high US dollar rates; and Australian products higher on account of freight increase.

Sugar: Taiwan sugar first declined under heavy arrival and liquidation by speculators but later recovered on orders from Thailand. Japanese products were kept firm by increased cost but trading was slow. Indonesia brown sugar retained steady price in spite of the arrival of 4,000 tons during the month because new indents were stimulated by Japan's offer to buy large quantities from Indonesia. Philippine brown declined at the beginning of the month under heavy arrival but later recovered when Indonesian brown remained steady. Taikoo products retained steady local demand and exports to Singapore and Borneo.

Cement: Imports from Japan remained heavy and prices eased from $115 to $113 per ton cif HK. Supply from China was curtailed; dealers here were not able to get new offers from Canton. Chinese cement remained firm at $115 per ton ex-ship, cif HK. Green Island products were firm on steady local demand and orders from SE Asia.

Sundry Provisions: Thailand and Cambodia provided steady demand for various popular items but supply from Japan and China was abundant; prices weak. Singapore and Malaya turned to China for direct imports. Popular items last month were mushroom, black fungus, water melon seed, dates, ginkgo, lotus nuts, lily bulb, ham, vermicelli, lungngan pulp, salted vegetables, bamboo shoot, apricot kernel and dried lichee.

COMMODITY PRICES ON SEPTEMBER 29, 1956

CHINA PRODUCE

Aniseed Star:—Kwangsi, B grade, $75 picul. Haiphong, $60 picul. **Camphor Tablet:**—HK, ⅛ oz tablets, $3.30 pound; ½ oz, $3.20 lb. **Cassia Lignea:**—Kwangtung/Kwangsi, $51 picul for December forward. **Cassia, Broken:**—Kwangtung, 3rd quality, $33.50 picul; 1st quality, Sept./Oct. forward, $48 picul. **Dried Albumen:**—Tientsin, 7s 8d per lb c & f Europe. **Frozen Whole Hen Egg:**—North China, £210 per ton c & f Europe. **Duck Feather**—Canton, 90% clean, HK processed, 6s 1½d per lb c & f Europe; NN 85%, 490 picul ex stock. **Goose Feather:**—HK, GGS 90%, 7s 1½d per lb c & f Europe. **Garlic (untoasted):**—Shantung, $82 per quintal cif HK, forward; Taiwan, $43 picul. **Gypsum:**—Hupeh, white, $9.50 picul. **Fluorspar:**—Chekiang, 75/80%, $175 per metric ton. **Realgar:**—Hunan, A grade, $68 picul. **Talcum:**—Kwangsi, $165 per metric ton. **Talcum Powder:**—Kwangsi, $240 per metric ton. **Hog Bristle:**—Tientsin, No. 55, black, 28s 4d per lb c & f Europe. Chungking, No. 27 black, 18s 10d per lb c & f Europe. **Raw Silk:**—Shanghai, white steam filature, 20/22 denier, AAAA grade, $3,089 per picul; AAA grade, $3,057; AA, $3,040; A grade $3,024 picul. **Dried Red Chilli:**—Hunan, £114 per m.t. cif Colombo or $75 picul ex stock. Honan, £75 per m.t. cif Colombo. **Rosin:**—South China, A grade, old stock, $103 per quintal; B, old, $101 quintal. **Seagrass Cord:**—Kwangtung, No. 2A, forward, $45 picul. **Seagrass Mat:**—Kwangtung, 108 warps, 5/4 x 40 yds, $65 per bag for white matting and $63 for brown/white matting. **Hemp Seeds:**—Kweichow, large, $1,400 per m.t. **Linseed:**—Indian, $60 picul. **Castor Seed:**—South Vietnamese, $59.50 picul; Thai, £65 per m.t. c & f Japan. **Sesame:**—Thai, black, $66 picul; Cambodian, brown, $52 picul. **Silk Waste:**—South Vietnamese, yellow, $400 picul cif HK. **Spun Silk Yarn:**—Shanghai, 210/2, $2,081 per 50-kilo case cif HK; 140/2, $1,893. **Tea:**—Fukien, white tea, 1st quality, $1,600 picul. Taiwan, OP black tea, $140 picul. Vietnam, 'Lokpao' tea, 2nd quality, $250 picul. **Aniseed Oil:**—Kwangsi, $1,300 per picul in bulk or 12s 9d per lb c & f Europe. Haiphong, in drum, $1,210 picul. **Cassia Oil:**—Kwangtung/Kwangsi, 80/85% in drum, $1,330 picul or 12s 9d per lb c & f Europe. Haiphong, in drum, $1,280 picul. **Camphor Oil:**—Taiwan, refined, in drum, $170 picul. Kwangsi, crude, in drum, $150 picul. **Castor Seed Oil:**—Haiphong, lower quality, $95 picul. **Peppermint Oil:**—Shanghai, $24 per lb. Taiwan, $13.50 lb. **Teaseed Oil:**—2% FFA in bulk, £140 per long ton c & f Europe. **Turpentine:**—South China, 1st grade, £74 per m.t. c & f Antwerp. **Woodoil:**—(refined) in bulk, spot, $179 picul; 4-week forward, $2,850 per long ton ex-Kowloon railway station; in drum, £190 per m.t. c & f Japan. Vietnam, in bulk, $160 picul. **Bitter Almond:**—Tsingtao, red membrane, new, $345 picul. **Bee Wax:**—Kwangsi, $470 picul or £448 per m.t. c & f Japan. **Honey:**—Fukien, £121 per m.t. c & f W. Germany. **Maize:**—Cambodia, yellow, $22.80 picul. Thai, yellow, £25 per ton cif Japan. **Menthol Crystal:**—Shanghai, spot, $37 lb or 44s per lb c & f Europe. **Feldspar:**—HK, $150 per m.t. **Galangal:**—Kwangtung, 3rd quality, $22 picul. **Dried Ginger:**—Szechwan, new, $175 picul. **Kapok:**—Hainan, 1st quality, unsorted, $155 picul. **Black Bean:**—Kwangsi, medium, $37 picul for 2-week forward; Shantung, large, $38.80; Shanghai, $63. **Green Pea:**—Haiphong, new, $42 picul; Hankow, lower quality, $43; Middle East, November forward, $31.50; Thai, large, new, $55 picul. **Red Bean:**—Tientsin, new, $75 picul. **Green Bean:**—Anhwei, 2-week forward, $46 picul; Shantung, $52 picul spot. **Soya Bean:**—Dairen, 1954, $48.60 picul; Cambodia, $38.50. **Pea:**—Central China, £30 per l.t. c & f Europe. **Groundnut:**—Tsingtao, new, 1956, $79 picul for Nov./Dec. forward. **Groundnut Oil:**—African, 1% FFA drum free, 1st quality, $148 picul. Shanghai, drum excluded, Oct. Shipment, $120 picul. Thai, in drum, new stock, $144 picul.

METALS

Mild Steel Angle Bars:—Cont: ⅛" x 1¼" x 1¼", $67 picul; 3/16" x 1¾" x 1¾", $66; 5/16" x 2½" x 2½", $72. **Mild Steel Flat Bars:**—Cont: ¼" x 1" to 2", $63 picul. HK: ⅛" x ½" to 1", $62 picul; ¼" x ½" to 2", $60.

M.S. Round Bars:—Cont: (40' length), ½" dia, $67 picul; ⅝" & ¾" dia, $66; 1½" dia, $68. HK: ¼" to 1" dia, $62 picul. **M.S. Square Bars:**—Cont: ½" to 1½" square, $61 picul. **M.S. Plate:**—4' x 8': 1/32" thick, $72 picul; 1/16" & 3/32", $70; 1/8", $78; 3/16" & ¼", $80. **Galvanized Steel Plain Sheets:**—UK, 4' x 8': 1/32" thick, 60c per lb; 1/16", 58c; 3/32", 58c. **Silicon Steel Sheets:**—Jap: 1M x 2M, G29, 85c lb. **Steel Wire Rope:**—HK, 24 x 6 x 720': 1", $1.80 per lb; 1¼", $1.60; 1½", $1.40; 1¾", $1.30; 2", $1.20; 2¼", $1.15; 2¾", $1.10. UK, 24 x 6 x 7: 1", $2.20; 1¾", $1.50; 2", $1.40 per lb. **M.S. Plate Cuttings:**—Cont: 5/16" to 5/8", $53 picul. **Tin Plate Waste Waste:**—Coked: US, 18" x 24", 1 ton skid, $105 per 200 lbs. Electrolytic: US, 18" x 24", 1 ton skid, $97 per 200 lbs; UK, $95. Misprint: UK, 18" x 24" and larger, $51 picul. **Blackplate Waste Waste:**—UK, 18" x 24" and larger, G29 to G33, $56 picul. **Tin Plate:**—UK, 20" x 28", $132 per 200-lb case of 112 shts with tin lining; 30" x 36", G24, 78c lb. **Galvanized Iron Sheets:** —Jap: 3' x 7', USSG 24, 61c lb; USSG 26, 65c. **Aluminum Sheets:**—Jap, 4' x 8', 99.5% alloy, G22, $2.22 per lb. UK, rolled, 2' width, 99.5% alloy, G31, $2.35 lb. **Brass Sheets:**—UK, 12" width, rolled, 10 oz per sq ft, $345 picul. HK, 10 oz to 11 oz per sq ft, $335 picul. **Copper Sheets:**—German, 4' x 8', 1/16" thick, $3.30 per lb. **Zinc Sheets:**—Cont: 3' x 8', G8 & G10, $148 picul. **G. I. Wire:**—Cont or Jap: G8, $62 picul; G10 & G12, $60; G16, $65; G18, $67; G22, $68; G24, $70 picul. **Black Iron Wire:**—Cont: G17, $49.50 picul. **Black Iron Pipe:**—Cont: (18' to 22'), 1/2" dia, 40c per ft; 1" dia, 67c; 1¼" dia, 98c. **G.I. Pipe:**—Cont: (18' to 22'), 1/2" dia, 46c per ft; ¾" dia, 56c; 1" dia, 80c; 1½" dia, $1.30; 2" dia, $1.85; 2½" dia, $2.70; 3" dia, $3.40. **Wire Nails:**—Jap, 1 picul kegs: 1/2" x 18 BWG, $82 picul; 1" x 15 BWG, $58; 1¼" x 14 BWG, $58. HK: 1/2" x 18 BWG, $80; 1" x 15 BWG, $58; 1¼" x 14 BWG, $58. **Steel Box Strapping:**—Jap: Cold rolled, black, 3/4", G20, $68 picul. **Scrap Iron:**—Wrought Iron Scrap: 1st choice, $450 per ton; 2nd choice, $340. Ship Salvaged Plate: 3/8", $46 picul; 1/2" and over, $47 picul.

PAPER

Aluminum Foil:—UK, 4½" x 6¾", thin, $2.20 pound; 60 gr, 22-lb ream, 20" x 26", thick, golden colour, $88 per ream. **Transparent Cellulose Paper:**—Jap: 30 gr, 36" x 39", no brand name, $73 ream. Italian: 30 gr, 36" x 39", $83; 40" x 52", $115. **Newsprint in reels:** —50/52 gr, 31": US, 57c pound; UK, 56c; Canadian, 56c; Chinese, 51c; Japanese, 48c; Norwegian, 56c; Austrian, 55c pound. **Newsprint in ream:**—31" x 43", Norwegian, 40 gr, 38-lb ream, $23 ream. Jap, 50 gr, 48-lb ream, $23.50 ream. Chinese, 50 gr, 48/50-lb ream, $27.50 ream. **Flint Paper** (coloured): 60/65 gr, 20" x 30", German, 25-lb ream, $35.50 ream. Chinese, 26-lb ream, $35 ream. **Prime Glassing:** 30" x 40", 30 gr, 26-lb ream; French, German or Austrian, $34 ream; Italian, $32.50 ream; Japanese, $32 ream. German, coloured, $36.50 ream. **M.G. White Sulphite:**—40 gr, 47-lb ream, 35" x 47", Czech or German, $31.30 ream. **M.G. Ribbed Pitched Kraft:**—Jap, 100 gr, 117-lb ream, 35" x 47", $84 ream. **M.G. Pure Ribbed Kraft:**—Japanese, 38/39 gr, 45/46-lb ream, 35" x 47", $28.50 ream. **Unglazed Sulphite Kraft:** —Cont, 50/120 gr, 70/140-lb ream, 35" x 47", 70½c pound. **Unglazed Kraft:**—Chinese, 40/80-lb ream, 35" x 47", 62c pound. **Art Printing:** One Side Coated: 31" x 43", Dutch, 90 gr, 85-lb ream, $92 ream; Jap, 88 gr, 85-lb ream, $84. Two Side Coated: Dutch, $1.02 pound; Jap, 98c pound. **Bond:**—22" x 34", White, 60 gr, 32-lb ream: Norwegian, $30.50 ream; Central Europe, $26.50; Jap, $23.50 ream. Coloured: Norwegian, $31.50; Jap, $25 ream. **Woodfree Printing:**—31" x 43": Jap, 60/100 gr, 57/100-lb ream, 69c lb; 50 gr, 48-lb ream, 70c lb. Chinese, 60/90-lb ream, 62c lb. **Manifold Paper:**—22" x 34", White, 30 gr, 16-lb ream: Swedish or Norwegian, $16.20 ream; Austrian, $11; Chinese, $10 ream. **Poster Paper:**—(31" x 43"): Swedish, 60/70 gr, 57/68-lb ream, 78c pound; Jap, same quality, 75½c; Chinese, 17.2 kilo, 36-lb ream, $17.20 ream; Chinese, 19.5 kilo, 42-lb ream, $19; Chinese, 21.5 kilo, $20.50 ream. **Strawboard:**—(26" x 31") Jap: 8 oz, $445 per ton; 8 oz to 16 oz, $450; 12 oz to 14 oz, $445; 20 oz to 32 oz, $540. Chinese: 8 oz to 14 oz, $372; 8 oz to 10 oz, $385; 8 oz to 16 oz, $360 per ton. **Taiwan,** 8 oz to 16 oz $365 per ton.

INDUSTRIAL CHEMICALS

Acetic Acid (glacial, 99/100%):—German, 74c per lb. **Carbolic Acid** (Phenol):—Australian, $1.15 lb. **Citric Acid** (crystal):—UK, $1.68 lb. **Stearic Acid** (needle form):—Belgian, $1.13 lb. **Sulphuric Acid:**—HK, 15c lb. **Bicarbonate of Ammonia:**—UK, 2-cwt drum, $700 per ton. German, 50-kilo drum, $650 per ton. **Borax (granular):**—US, $32 per 100-lb paper bag. **Caustic Soda:**—Chinese, $107 per 200-kilo drum. **Chlorate of Potash:**—French, 60c lb; Swiss, 67c; UK, 68c per lb. **Chrome Alum:**—Czech, 45c lb; UK, 55c to 60c lb. **Glycerine:**—Chinese, $1.75 lb; Dutch, $1.90 lb. **Gum Arabic:**—Sudan, $1.03 lb. **Gum Copal:**—Malayan, No. 1, $230 per picul. **Gum Damar:**—Malayan, No. 1, $310 picul. **Hyposulphite of Soda:**—UK, 30c lb. **Lithopone,** 30%:—German, 36c lb. **Mercury:**—Italian, in 78-lb flasks, $2,850 picul. **Petrolatum** (amber):—Dutch, 27c lb; German, 23c; US, 40c lb. **Shellac** (lemon):—Indian, No. 1, 164-lb case packing, $330 picul. **Soda Ash:**—Chinese, $24 per 80-kilo bag; UK, dense, $32 per 100-kilo bag; light, $27 per 70-kilo bag. **Sodium Hydrosulphite:**—German, $170 picul; UK, $170 picul. **Sodium Sulphide:**—Chinese, 160-kilo drum packing, $450 per ton. **Sulphur Powder:**—German, $32 picul; US, $33 picul. **Tanning Extract:**—UK, Mimosa, 57c lb; UK, Quebracho, 72c lb. **Ultramarine Blue:**—Dutch, $130 picul. **Paraffin Wax:**—US, 143 to 150 degrees AMP, $85 picul. **Zinc Chloride:**—Belgian, $1,400 per ton. German, $1,380 ton. **Zinc Oxide** (99%):—Chinese, 67c lb; Dutch, 74c; German, 72c lb.

PHARMACEUTICALS

Penicillin Ointment:—UK, $6.25 per doz 1-oz tubes of 2,000 units. **Penicillin Oral Tablets:**—UK, $1.47 per carton of 12 50,000-unit tablets; October shipment 99c per carton. **Penicillin Injections:**—Procaine, G, in oil, UK, 1957, 300,000 units per cc, $1.55 per vial of 10 cc; US, 1960, $2.20 vial; Belgium, 1960, $2.05 vial. **Dihydrostreptomycin:**—UK, 1960, 85c per vial of 1 gm; French, 1959, 68c; Canadian, 1960, 88c; Dutch, 1959, 74c; Japanese 1959, 65c vial of 1 gm. **Sulfadiazine Powder:**—Australian, $24 per lb; French, $24.20 lb; Jap, $23 lb; German, $23 lb. **Sulfathiazole Powder:**—French, $9.50 lb; German, $9.45 lb. **Sulfaguanidine Powder:** UK, $7.10 lb; German, $7.10 lb. **Sulfanilamide Powder:**—UK, $3.80 lb; German, $3.65 lb. **Quinine Ethylcarbonate:**—Dutch, $3 per 1-oz carton. **Quinine Sulphate** (1932):—Dutch, $138 per 100-oz tin. **Isoniazide Tablets:**—UK, $4.40 per bottle of 100 100-mg tablets. Swiss, $4 per bottle of 100 50-mg tablets. **Amidopyrin:**—French, $16.40 per lb. **Caffeine Alkaloid:**—German, powder form, $13.50 lb; Dutch, $17.50; French, $13.50 lb. **Caffeine Citrate:**—German, $10.50 lb. **Lyzol Solution:**—UK, $14 per 1 gal tin. **Phenacetin:**—Dutch, $5.05 lb; UK, $5.10; German, $5.05 lb. **Potassium Iodide** (crystal):—UK, $9.60 per 1-lb bot. Dutch, $9.50 per 1-lb bot. **Saccharum Lactose:**—German, 92c lb; Dutch, 92c; UK, 98c lb. **Salicylic Acid:**—US, $2.60 lb; German, $2.50 lb.

COTTON YARN

Hongkong Yarn:— 10's, $750 to $830 per bale; 12's, $780 to $880 per bale; 20's, $920 to $1,030 per bale; 40's, $1,480 bale. **Pakistan Yarn:**—20's, $825 to $874 bale; 21's, $875 bale; 32's, $1,170 to $1,215 bale. **Indian Yarn:**— 20's, $820 to $860 bale; 32's, $1,130 bale; 40's, $1,330 to $1,350 bale. **Japanese Yarn:**— 32's, $1,330 to $1,360 bale 40's, $1,480 to $1,530 bale 42's, $1,630 to $1,650 bale.

COTTON PIECE GOODS

Grey Sheetings:— Chinese, 60 x 60, 36" x 40 yds, $33.80 pc. Hongkong, 60 x 56, 36" x 40 yds, $34 to $35 pc. Japanese, No. 2003, 72 x 69, 38" x 40½ yds, $34 pc. **Grey Jeans:**—Chinese, $29 pc. Hongkong, 84 x 48, 30" x 40 yds, $29.50 pc. **Coloured Cloth:**— Hongkong, dyed sheeting, 32" x 42 yds, $40 per pc cif Bangkok; dyed shirting, 36" x 40 yds, $39 pc. **White Cloth:**— Japanese, No. 16000, $48 pc. Hongkong, 36" x 42 yds, $40 pc. **Shirting:**—HK, 36" x 42 yds, white and dyed, $33 pc.

CEMENT

Green Island Cement:— Emeralcrete: $8.20 per 112-lb bag. Emerald: $7 per 112-lb bag and $6.40 per 100-lb bag. Snowcrete white cement: $73 per 375-lb drum and $16.50 per 1-cwt bag. **Japanese Cement:**— Ordinary cement: $5.70 per 100-lb bag and $6.60 per 1-cwt bag. White cement: $15.50 per 1-cwt bag. **Chinese Cement:**— Five Rams brand, 45-kilo bags, $115 per m.t. cif HK ex-ship, forward.

SUGAR

Taiwan granulated, refined, No. 24, $42.40 picul; No. 18, $35 picul; fine sugar, $41.75 picul. **Japanese** fine, $41.50 picul; granulated, $42.50 picul. **Taikoo** granulated, $43.10 picul; special fine, 2nd quality, $41.40 picul; brown, $31.40 picul. Philippine brown, 1st quality, $36.20 picul. **Australian** brown, $38 picul. **Indonesian** brown, $37.80 picul. **Thai** malt sugar, $39 picul.

WHEAT FLOUR

Australian brands: $34.50 per 150-lb bag and $11 to $13.30 per 50-lb bag. **American** brands: 28 per 100-lb bag and $13.50 to $15.30 per 50-lb bag. **Canadian** brands: $35.50 to $36 per 100-lb bag and $17 to $17.80 per 50-lb bag. **Hongkong** products: $11.60 to $16 per 50-lb bag.

RICE

White Rice:— Thai: Special 3%, old crop, $60 picul; A-5% old, 1st quality, $59.30; B-10%, old, 1st, $57.60; C-15%, old, 1st, $54 picul. **See Mew Rice:**— Canton, old, lower quality, $59 picul. **Chai Mei Rice:**— Canton, old, lower, $56.10 picul. **Broken Rice:**— Thai: A-1 superior, old, $42.50 picul; A-1 special, old, $41.80; A-1 ordinary, old, small, $38.80 picul; B-1 special, old, $37 picul; B-1 ordinary, old, $36.50; C-1 special, old, $55.10; C-1 ordinary, old, $32.60 picul.

SUNDRY PROVISIONS

Apricot Seed:— Indian, large, new, $900 picul. **Bamboo Shoot:**— Dried: Changsha, new, $110 picul; Foochow, A, $105. Shreaded: Foochow, white, dried, $87 picul. **Bean Stick:**— HK, 1st, A, $175 picul. **Vermicelli:**—Tsingtao, 2nd, cloth bag, $162 picul. **Black Date:**— Tientsin, new, 1st, $142 picul. **Red Date:**— Tsingtao, new, large, $145 picul. **Black Fungus** (thick):—Yunnan, $12.80 picul. Australian, 1st, new $980 picul. (thin):— Szechuen, small, new, 1st, $424 picul. **Ginkgo:**— Foochow, medium, new, $105 picul. **Dried Lichee:**— Kwangtung, A, new, $1,580 picul. **Lily Bulb** (dried):— Hunan, new, B, $170 picul; Kiangsu, small, new, $90 picul. **Lily Flower:**— Honan, old, $120 picul; Hunan, $119 picul. **Lotus Nut:**— Hunan, large, new, $360 picul; Fukien, white, hollow, new, $260; Cambodian, $148 picul.